INVESTIGATING THE RELATIONSHIP BETWEEN STRATEGIC MANAGEMENT OF HUMAN RESOURCES AND BANK PERFORMANCE (CASE STUDY: MELLI BANK BRANCHES IN GUILAN PROVINCE)

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ABSTRACT

Strategic management of the human resources is a new, general and comprehensive approach to manage the staff affairs and coordinate the human resources strategies to the business strategies in the organization. It has addressed some long-term issues in the organization and has designed some policies in facing internal and external conditions of the organization and has caused to form the creativity. In this study, the implementation effects of the strategic management of the human resources on Melli performance have been considered. The main issue of this study is that whether the strategic management of the human resources and the use of its main functions in MelliBank branches in Guilan Province can reinforce the bank performance or not. Hence, in the current study, seven indicators presented by Akhtar *et al.,* (2008) derived from the indicators presented by Delery and Doty (1996) have been utilized. The current study is a correlation study and its information has been collected by the questionnaires from 307 bank staff. The results of this study indicate that, by implementing the seven components of the strategic management of the human resources, we can improve the performance of the bank services. So that, among these components, sharing profits of the bank with the staff has the highest relationship with improving the performance of the staff. Also, job security has the lowest correlation with improving the performance of the staff. As the sharing profit can predict more than 21% of the bank performance improvement, the job security can predict only 3.6% of the bank performance improvement. The other five parameters are as follows: the outcome-based evaluation with the coefficient of 45.0%, the staff participation with the coefficient of 38.8%, the internal job opportunities with the coefficient of 38.4%, fostering human resources with the coefficient of 36.7% and the job quality with the coefficient of 34.9%.

Keywords: Human Resource Management, Strategic Planning, Performance of the Services, Melli Bank

INTRODUCTION

Human resources, as the most important factor, will be effectively and efficiently employed if it is managed through the strategic viewpoints. Strategic approach, in the human resources management, means to use improving new methods that the organization can react effectively against the unstable environment and mobilize the human resources in order to gain the competitive advantages. Strategic management of the human resources is a new, general and comprehensive approach to manage the staff affairs and coordinate the human resources strategies to the business strategies in the organization. It has addressed some long-term issues in the organization and has designed some policies in facing internal and external conditions of the organization and has caused to form the creativity (Afjeh, 2010). Strategic management of the human resources has stressed on the organization performance as a dependent variable and has not evaluated the individual performance; but the traditional management has stressed on the personal results such as individual performance, absence, job satisfaction and staff firing (Akhtar, 2008). The recent theoretical studies have shown that the competitive advantages can be derived by the human resources of the organization (Zare, 1993). According to the resource-based view, the organizations can provide the competitive advantages by having the unique, high-value, sustainable and non-imitation resources. Some organizational resources that have capability to create the competitive advantages are as follows: technologies, financial resources, physical resources, human resources, organizational resources and communication resources. Financial resources, physical resources and technology are easily imitated by the investment of the competitors, but human resources and organizational resources have been slowly

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formed over time, in fact, they are difficult to be imitated by the competitors requiring huge investment and passing the time. Human resources, as intangible assets, can enhance the ability of the firm to react to the turbulent environment if applied in an operating system (Chang, 2005). On the other hand, the rapid environmental changes, globalization, competition, providing innovative services and products, changes in customer expectations, demands of the investors and high standards in the organizations have caused the organizations to improve their performance continuously in order to compete more effectively and efficiently with reducing the costs, increasing the quality of the products and varying their services and products (Afjeh and Esmaeelzadeh, 2010). Due to the intense and tight competition in the world, it can be stated that human resources are considered as the most important competitive advantage in every firm (Becker, 2003). Therefore, the managers should be aware of this issue and should know how to deal with this strategic matter and should learn the effective use of this competitive advantage. In this case, the organization will gain a strong competitive advantage. Strategic management of the human resources is a general and comprehensive approach to manage the staff affairs and coordinate the human resources strategies to the business strategies in the organization. Combining the strategic management thought with the human resources management brings about considering the human resource as the strategic resources; therefore, it is necessary to consider the performance beyond other production factors. At the beginning of the article, the word "strategic" was explained in brief (Mirsepasi, 2003). Strategic management of the human resources is related to long-term issues and relevant to the internal and external conditions of the organization; and its output taken as the policies in the fields of human resources (Armstrong, 2003). The most effective way to gain the competitive advantage in the current situation is to increase the efficiency among the staff of the organization. This has been realized by applying the strategic management in field of the human resources management (Marler, 2009). Human resources have been considered as a main strategic factor in every organization and applying the strategic management for the human resources seems necessary. The strategic planning process of the human resources has been started to apply and analyze the strategic purposes in the organization and investigate seriously the internal and external environments of the organization. With regard to the limitations and facilities of the strategic aims of the human resources, the strategic factor is an important factor to affect on the economical success of an institution strongly; accordingly, it can be considered as the strategic factor for the success of a country (Shirsavar, 2001). Efficient organizations have come to realize this truth that the human factor, among different factors affected in the performance of the organization, is the most important factor. Because human resources, as the smart asset in the organizations, is the largest asset; it, also, has an important role in the intellectual and practical efficiencies. The success of an organization is dependent on the decisions of the human resources and the organizational behaviors (Zajac, 2000). The managers of all levels in the organization realize that the most important source in an organization, to gain the competitive advantage, is to have appropriate recruitment systems, motivation and the human resources management (Wright, 2003). The optimum use of the staff and naturally increasing the proficiency of the organization will be useful when the organization has the planning program on the strategic human resources as a tool to connect the aim and strategies of the organization to the purposes of the enterprise resources planning directly. A phenomenon such as the shortage of the expert human resources represents lack of planning for the human resources; so this matter reveals the importance of planning for human resources (Zarandi, 2014). Planning for human resources is a part of the macro planning in the organization and its aim is to evaluate, investigate and provide the desired staff. It can be stated that such programs are the designs by which the manager can propel the current situation into the desired situation and provide suitable human resources. Thereby, both the benefits of the organization and the organizational objectives have been achieved (Nodehi, 2013). In this study, we try to investigate the impacts of seven indicators on the performance of the bank such as raising human resources, participation, job security, job description, outcome-based evaluation, local job opportunities and sharing profits.

The main issue of this study is that whether the strategic management of the human resources and the use of its main functions in Melli Bank branches in Guilan Province can reinforce the bank performance or not. Hence, in the current study, seven indicators presented by Akhtar and *et al.,* (2008) derived from the

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indicators presented by Delery and Doty (1996) have been utilized. The current study is a correlation study and its information has been collected by the questionnaires from 307 bank staff. The results of this study indicate that, by implementing the seven components of the strategic management of the human resources, we can improve the performance of the bank services. These indicators are as follows: fostering human resources, participation, job security, job description, outcome-based evaluation, local job opportunities and sharing profits.

Review Literature

Esfandpoor *et al.,* (2014), in an article entitles "to investigate the relationship between the strategic management of the human resources and the performance of the commercial firms", surveyed the theories related to SHRM and the performance of the commercial firms and delivered a conceptual model in which the competitive strategies have been considered as a mediator in relation to SHRM and the performance of the firm. The results of the study showed that though most studies state the SHRM activities have been led to the performance, but such one-way analysis is not convinced. Atafar *et al.,* (2001) have investigated, in an article entitled "the effect of human resources strategies on the organizational performance based on the balanced score model in tax office in Isfahan Province", the viewpoints of the managers, experts and staffs of that office. The results, also, represented that the financial aspect was significantly meaningful and other aspects were not significant. Generally, the effect of the human resources strategies on the organizational performance was more than the mean in all aspects of the balanced score model. Parvizian and Mosavi (2009) have stated in an article entitled "the role of the strategic management in upgrading the efficiency and the performance of the banking network of the country" that the globalization is as a chain of transformations including different areas of the culture, politics and economy among all countries in the world. They concluded that the economic globalization has been the reason that the traditional business paradigms do not have suitable functionality. Afjeh and zadeh (2010) have pointed, in an article entitled "the investigation of the relationship between the strategic management of human resources and the performance of the firms", that the human resources, as the most important part of the organizational resources, would be used effectively if it is managed with the strategic viewpoint. The findings of their study indicated that the firms following up the strategic management activity of the human resources had better performance rather than those firms which did not do such an activity and applying the strategic management principles of the human resources led to improve the performance of the firms. Gholamzadeh and Jalali (2013) have stated the results of their study in an article entitled "developing the human resources strategy using the strategic reference points (case study: Kavir Profile Rangin Firm)". They stated that suitable strategy for the professions constituting the core of the competitive strategy is the strategy of the commitment and for the service jobs it is as the secondary strategy. Committed attitude led the staffs and the managers of the organization to realize the objectives of the organization. Such an attitude is a kind of framework for the success of the firm in order to gain its purposes. Anyadike (2013) has stated, in an article entitled "human resources planning and staffs productivity in a state organization in Nigeria", that the state organizations in Nigeria suffer from low productivity and efficiency. As the researches have shown, the productivity and efficiency have not been improved even with large human resources. As a result, it is necessary to consider suitable planning for those resources that are able to create efficiency by the effective management of the work force. The remedy for this dissatisfaction in the state organizations in Nigeria is human resources planning. The main topic of this study is to investigate the role of human resources planning to gain trust from the efficiency of the staff in state organizations. Such resources will improve efficiency if the workforce is managed effectively. Akhtar *et al.,* (2008) examined the validity of the strategic management factors of the human resources and their effects on the performance of the firms in a sample n=465 in China. The results showed that a valid set of the strategic management practices of the human resources (training, participation, outcome-based evaluation, local job opportunities) has some effects on the products and services performances. Job security and job description contribute uniquely to the performance of the products and services while the profit sharing contributes uniquely to the financial performance. Huselid (1995) delivered an article entitled "the impact of human resources management

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practices on the turnover, efficiency and financial performance of the firm" and carried out some researches. He has stated in his studies that this is a comprehensive research and investigates the relationship between the workings methods with high performance and the firm performance. The result, based on a national sample of about one thousand firms, represented that such activities had significant economic and statistical effects on the results (turnover and efficiency) and short-term and long-term proceedings in the financial performance of the firms. The support from the predictions has led to observe the effects of high-performance proceedings on the firm performance related to interrelationships and the competitive strategy. Liu et al. (2007) have concluded, in an article entitled "The value of human resources management on organizational performance", that all managers want to improve the view of their organization and seek some tool in order to make such events occur. For several decades, the managers of human resources have believed that they should increase their performance. In some cases, the managers have referred to this point doubtfully to see whether based on the human resources a suitable investment has been allocated. Various researchers have performed similar studies, but they have offered their conflicting results without any conclusion. Based on the information from more than 19000 firms, it can be concluded that the human resources management is significantly valuable. Moreover, when the decision has tied among production companies, a strong added value which uses the human resources systems in individual method scan be emphasized. Wright *et al.,* (2003) investigated the effect of methods of human resources management and the organizational commitment on the business units in an article entitled "the impact of the methods of human resources management on the business performance". This article has concluded, by using a sample n=50 from Turkish firms, that the methods of human resources management and the organizational commitment have some significant correlation with the firm performance and the operating costs.

Population consists of a set of subjects (signs) sharing one or more traits (Shorini, 2012). The statistical population in this study consists of all the staff of Melli Bank branches in Guilan Province. In this province, Melli Bank has 125 branches, 1820 personnel (1410 personnel are official and 410 personnel are unofficial). Due to the limited number of population in this study, to determine the sample size, the table of determining the sample size from the given population of "Krejcie& Morgan" will be used.Considering1820 persons in the study, the sample size consists of 318 subjects. Also, an available sampling method has been used to select the samples. Basically, the conversion of the answers to data is a significant part of the scientific research process. The researcher utilizes a measurement device to convert the answers to data. It is stated that the variable is measured when the value of a particular variable has been obvious in a particular subject or a certain moment of time. Measurement contains some rules to assign the numbers to things, persons or events in order to quantify them. In other words, the purpose of measurement is to gather information about things or persons and its outcome is to determine some particular traits based on the measured units and its results are stated in form of numbers.

Table 1: The reliability coefficients of questionnaire

Indexes	Cronhbach alpha coefficient
Fosteringhuman resources	0.795
Participation	0.769
Job security	0.620
Job description	0.722
Outcome-based evaluation	0.759
Local job opportunities	0.828
Sharing profits	0.712
Banking performance	0.844

Reliability is considered as some traits of the assessment tool dealing with the essential relationship between the concept and the reagent. Reliability deals with asking whether we really measure what we want to measure (Karimi, 2012). Alpha value 0.7 indicates the acceptable reliability (Cronhbach, 1951).

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Of course, Moss et al. (1998) introduced, on variables with a few questions, the value of 0.6 as the margin of Cronhbach alpha. The coefficient of Cronhbach alpha in the questionnaire is 0.925 showing high reliability of the questionnaire in this study. Also, the coefficient of Cronhbach alpha for all variables is indicated in table 1.

Data Analysis

The main hypothesis in this study is that there is a significant relationship between applying the parameters of strategic management of the human resources and improving the performance of Melli Bank in Guilan Province. Thereupon, considering the parameters of strategic management of the human resources, seven secondary hypotheses are as follows:

H1: There is a significant relationship between performing the parameters of fostering human resources and improving the performance of Melli Bank in Guilan.

H2: There is a significant relationship between the participation and improving theperformance of Melli Bank in Guilan.

H3: There is a significant relationship between the job security and improving the performance of Melli Bank in Guilan.

H4: There is a significant relationship between the job description and improving the performance of Melli Bank in Guilan.

H5: There is a significant relationship between outcome-based evaluation and improving the performance of Melli Bank in Guilan.

H6: There is a significant relationship between local job opportunities and improving the performance of Melli Bank in Guilan.

H7: There is a significant relationship between sharing profits and improving the performance of Melli Bank in Guilan.

To perform the current study, 318 questionnaires have been distributed; among these questionnaires, 307 samples were suitable to be analyzed. From among these samples, 45 persons (17.6%) were female and 248 persons (80.8%) were male and 25 persons (8.1%) were single and 267 persons (87.0%) were married. Also, concerning the age range, 6 persons (2%) were 18-25 years; 52 persons (16.9%) were 26-35 years; 156 persons (50.8%) were 36-45 years and 51 persons (16.6%) were more than 46 years. In terms of education, 77 persons (25.1%) had diploma; 59 persons (19.2%) were technicians; 113 persons (36.8%) had B.A./B.S. degree and 58 persons (18.9%) had M.A./M.S. degree. Finally, in terms of years of working, 16 persons (5.2%) worked less than 5 years; 24 persons (7.8%) worked 5-10 years, 165 persons (53.7%) worked 10-20 years and 70 persons (22.8%) worked more than 20 years.

Fostering Human Resources: Regarding this variable, the lowest value was 1.00; the highest value was 5.00; the mean was 3.55; standard deviation was 0.81, and variance was 0.66. Since the expected value of mean is considered as 3, this variable is suitable for the target statistical population.

Staff participation: regarding this variable, the lowest value was 1; the highest value was 5; the mean was 2.93; standard deviation was 0.78, and variance was 0.61. Since the expected value of mean is considered as 3, this variable is not suitable for the target statistical population.

Job Security: Regarding this variable, the lowest value was 1; the highest value was 5; the mean was 3.47; standard deviation was 0.71 and variance was 0.51. Since the expected value of mean is considered as 3,this variable is suitable for the target statistical population.

Job Characteristics: Regarding this variable, the lowest value was 1; the highest value was 5; the mean was 3.04; standard deviation was 0.93 and variance was 0.86. Since the expected value of mean is considered as 3, this variable is suitable for the target statistical population.

Outcome-based evaluation: regarding this variable, the lowest value was 1; the highest value was 5; the mean was 3.31; standard deviation was 0.96 and variance was 0.92. Since the expected value of mean is considered as 3, this variable is suitable for the target statistical population.

Local job Opportunities: Regarding this variable, the lowest value was 1; the highest value was 5; the mean was 2.88; standard deviation was 1.06 and variance was 1.13. Since the expected value of mean is considered as 3, this variable is suitable for the target statistical population.

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Sharing Profits: Regarding this variable, the lowest value was 1; the highest value was 5; the mean was 3.43; standard deviation was 0.87 and variance was 0.76. Since the expected value of mean is considered as 3, this variable is suitable for the target statistical population.

Investigating the Normality of Variable Distribution

To determine the type of test (parametric and non-parametric tests), we should test whether the variables follow a normal distribution or not. If the variables follow a normal distribution, parametric tests should be used; and if the variables do not follow a normal distribution, non-parametric tests should be used. Therefore, Kolmogorov-Smirnov (K-S) Test has been used. Its result for each variable is shown in Table 2.

Table 2: Results of Kolmogorov-Smirnov (K-S) Test

Variable	Statistic	Significant level
Fostering human resource	2.144	0.00
Participation	2.207	0.00
Job security	2.679	0.00
Job characteristic	2.895	0.00
Outcome-based evaluation	3.181	0.00
Local job opportunities	1.915	0.00
Sharing profits	2.872	0.00
Banking performance	1.610	0.01

Error level is 0.05

In the case that both variables are normal, Pearson correlation coefficient is used, otherwise non-parametric test of Spearman correlation coefficient is utilized. Since all variables have non- normal distribution, Spearman correlation coefficient is used to test all the hypotheses of the study.

Results of Investigating the Hypotheses

H1: There is a significant relationship between performing the parameters of fostering human resources and improving the performance of Melli Bank in Guilan.

The obtained significant level is lower than 0.01. Therefore, we can say with 99% confidence that this hypothesis is confirmed and this relationship is meaningful. Also, it can be mentioned that the correlation coefficient between two variables of fostering human resources and improving the performance of the bank is +36.7% representing a direct relationship between these two variables.

H2: There is a significant relationship between the participation and improving the performance ofMelli Bank in Guilan.

The obtained significant level is lower than 0.01. Therefore, we can say with 99% confidence that this hypothesis is confirmed and this relationship is meaningful. Also, it can be said that the correlation coefficient between two variables of participation and improving the performance of the bankis +38.8% representing a direct relationship between these two variables.

H3: There is a significant relationship between the job security and improving the performance of Melli Bank in Guilan.

The obtained significant level is lower than 0.01. Therefore, we can say with 99% confidence that this hypothesis is confirmed and this relationship is meaningful. Also, it can be said that the correlation coefficient between two variables of job security and improving the performance of the bankis +19.2% representing a direct relationship between these two variables.

H4: There is a significant relationship between the job description and improving the performance of Melli Bank in Guilan.

The obtained significant level is lower than 0.01. Therefore, we can say with 99% confidence that this hypothesis is confirmed and this relationship is meaningful. Also, it can be said that the correlation coefficient between two variables of job characteristics and improving the performance of the banks +34.9% representing a direct relationship between these two variables.

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H5: There is a significant relationship between outcome-based evaluation and improving the performance of Melli Bank in Guilan.

The obtained significant level is lower than 0.01. Therefore, we can say with 99% confidence that this hypothesis is confirmed and this relationship is meaningful. Also, it can be said that the correlation coefficient between two variables of outcome-based evaluation and improving the performance of the banks +45.0% representing a direct relationship between these two variables.

H6: There is a significant relationship between local job opportunities and improving the performance of Melli Bank in Guilan.

The obtained significant level is lower than 0.01. Therefore, we can say with 99% confidence that this hypothesis is confirmed and this relationship is meaningful. Also, it can be said that the correlation intensity between two variables of local job opportunities and improving the performance of the banks +38.4% representing a direct relationship between these two variables.

H7: There is a significant relationship between sharing profits and improving the performance of Melli Bank in Guilan.

The obtained significant level is lower than 0.01. Therefore, we can say with 99% confidence that this hypothesis is confirmed and this relationship is meaningful. Also, it can be said that the correlation intensity between two variables of sharing profits and improving the performance of the bank is +46.0% representing a direct relationship between these two variables.

RESULTS AND DISCUSSION
Result
According to results of the hypotheses, it has been observed that Melli Bank branches in Guilan Province, implementing seven parameters of the strategic management of the human resources, can improve the banking services. In fact, all parameters of the strategic management of the human resources have significant and positive relationship with improving the performance of the bank in Guilan, based on different correlation coefficients. From amongseven analyzed parameters, it has been observed that sharing profits has highest correlation level with 46.0% and the job security has lowest correlation level with coefficient of 19.2%. Other five parameters are as follows: the outcome-based evaluation with coefficient of 45.0%; staff participation with coefficient of 38.8%; local job opportunities with coefficient of 38.4%; fostering human resources with coefficient of 36.7% and the job characteristics with coefficient of 34.9%. So that, sharing profits with the staffs, among all other parameters, had the highest relationship with improving the performance of the staffs. This variable, sharing profits, can predict more than 21% of improving the performance of the bank, while job security can only predict 3.6% of improving the performance of the bank.

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