

## Chapter 6


# Human Resource Management Effects Functioning on Balanced Scorecard: Jordanian Public Joint–Stock Companies

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## ABSTRACT

*The “speed” of modern business—as well as changes in the environment—have led administrative organizations on the path of additional challenges. These organizations tirelessly strive for the realization of advanced systems, adapting their business to modern ideas and trends and gaining market advantage. In this way, organizations become modern and contemporary in their understandings of internal functioning. The study presented by the authors in the chapter aimed to determine the impact of human resource management (HRM) functions on the balanced scorecard in Jordanian public joint-stock companies. In the research, adequate statistical and descriptive methods were used. The results of the study recommend the creation of an organizational culture that promotes the optimal and effective use of HRM functions in the organizational environment.*

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## **INTRODUCTION**

Business organizations are permanently trying to achieve success, and maintain their success and survival - this makes them constantly seek to develop, improve and amend their strategies. In that manner, they develop new products, but also use innovative tools and means. HRM functions are characterized by liaison with the organization's management, as it oversees the organization's relationships with all employees in different departments (Wirtzet al, 2008). The administrations of modern organizations seek some benefit from the knowledge and sciences that researchers constantly create and develop (Al-Khashali, 2009). These efforts lead to new opportunities, continuous progress, and development. The departments concerned with human resources planning have made continuous efforts, to secure the capabilities, and draw up plans responsive to the needs of improving the balanced scorecard to achieve a competitive advantage in quality, responsiveness, cost, customer satisfaction, and critical process performance measures (Al Safou, 2009). The success of organizations in performing their tasks and functions effectively in an integrated manner depends to a large extent on the effective use of these resources (HRM) - because it is an important factor on which the future strategy of the organization depends, seeking to achieve the desired balanced scorecard (Kefi & Kalika, 2009). The organization should provide and meet the needs of other (organizational) departments - which contribute to the creation of appropriate, trained, qualified and well-motivated human resources. This is achieved through training and education policy programs, which are determined by the human resources department. Based on the development and improvement of capabilities within the organization, each organizational unit can achieve strategic goals, both individual and general. In this way, the results can be improved and business can be balanced (Al-Atwi, 2010).

The concept of institutional performance is linked to a system (7-S, s) related to the pillars of the Balanced Scorecard, which includes the existence of Shared-Values, Strategy, Structure, and Management Style commensurate with the company's vision, business systems, and human cadres (staff) -continuous development of the skills needed to perform the company's tasks (Bankeret al, 2009). Because of the importance of the HRM functions of the balanced scorecard, the functions of human resources management have become of special importance at the practical level, intending to correct and monitor the processes of change and development within the various organizations. This importance is visible through the efforts made by Jordanian companies to pay attention to human resources.

## **BACKGROUND**

### **Theoretical Framework and Previous Studies**

The biggest challenge facing organizations today is their ability to transform from isolation, closure, secrecy, and rigidity. They must become open and interactive organizations, that believe in renewal and seek change -following up on new developments and discoveries of modern methods and techniques. They must be adaptive to circumstances and changes. The change in the international and local environment, which included various lifestyles, activities, and sectors, necessitated the modern organizations that believe in the importance of performance excellence, keeping pace with technological development to serve their customers and develop their employees, without which they will neither survive nor grow (Al-Karkhi, 2009)(Ilic& Salaimenh, 2022).

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