

The Role of the Organizational Effectiveness of Human Resources in Developing of the Company: an Analytical Study for a Sample of Iraqi Industrial Companies Listed on the Iraq Stock Exchange Administrative Structure

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Abstract

The research aims to know the role exercised by the organizational effectiveness of human resources in developing the administrative structure of industrial companies through attracting human experiences that reflect on increasing and rationalizing their horizons on modern strategic systems in a way that develops their administrative reality. The research has been applied to a sample of Iraqi industrial companies listed on the Iraq Stock Exchange for the financial period from (2013-2018). Through the analysis of their data, the research objectives have been reached and hypothesis tested.

The most important findings of the research is that human resources are of the most important knowledge resources owned by companies and which must be given great importance due to its impact, as a topic, on the various activities in the company as well as the impact on rational spending operations on rewards and training courses for the human cadre in companies as regards developing their organizational activities.

*The most important thing recommended by the research is the necessity of starting to understand the philosophy of human knowledge management in industrial companies
Hough the importance and connections with other variables as well as interest in human resources and their components which represent the intellectual resources that affect the various areas of the company's work.*

Keywords Organizational effectiveness , human resources , administrative structure , strategic planning

Introduction

In recent years ideas have emerged claiming that material resources are not everything in the company and that they are mainly the result of overlaps in other resources, which are intangible knowledge resources. According to this way of thinking, the evaluation of companies depends mainly on the human knowledge that they have and which enables them to shape the future policy in an active way that achieves its future success, and accordingly, most Iraqi companies, especially industrial ones,

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have increased interest in managing the human resources that they possess as being one of their important corporate knowledge influencing organizational effectiveness.

In view of this, this research is coming with an analytical study to know the role of the organizational effectiveness of human resources in developing the administrative structure of industrial companies, where this research has been divided into three sections to achieve its objectives. The first topic has included the research methodology, the problem, the importance and objectives of the research, while the second topic has focused on the theoretical framework of the research, which clarified the concept and importance of the organizational effectiveness of human resources and the development of the company's administrative structure. In the third topic, the research is discussing a description of the research sample that the study was conducted on, in addition to conducting an analysis of the size and proportions of spending on developing human skills, as well as knowing the growth rate of the volume of expenses on the development of the administrative structure of companies. Through this, the research hypothesis has been tested and some findings and recommendations have been arrived at.

The First Topic

Research Methodology

Research Problem

As far as the research problem is concerned, it is represented by the extent to which the effectiveness of human resources contributes to developing the administrative structure of Iraqi industrial companies by strengthening and developing strategic plans, so most Iraqi companies suffer from a lack of availability of skilled human resources in a way that affects their work in general; as such, the research seeks to solve this problem through raising the following questions:

- 1 .Does the organizational effectiveness of human resources help to strengthen the company's strategic plans in a way that works for its successful business?
- 2 .Do organizational efficiency and effectiveness in the company lead to strengthening human resource skills in a manner that reflects on the administrative reality of the company?

Research Importance

The importance of the research comes through the role that the organizational effectiveness of human resources contributes to developing the company's effectiveness in organizing its available resources and preparing future plans and providing appropriate solutions to administrative problems, as the research contributes to providing appropriate procedures for companies through which the company can control the resources and deduct ideas and experiences in the form that contributes to strengthening the competitive position.

Research Aims

The research aims at achieving the following:

- 1 .Providing a theoretical framework on the concept and importance of organizational effectiveness of human resources in Iraqi companies.
- 2 .Knowing how to develop regular activities for human resources and ways of developing them for the administrative reality of the company.
- 3 .Conducting an analytical study of a sample of the financial statements of industrial companies and their individuals in order to know the extent of the organizational effectiveness in developing the administrative structure of the company.

Research Assumptions:

The research hypotheses are as follows:

(Organizational effectiveness in Iraqi industrial companies leads to develop their human resource skills in the manner that reflects the administrative reality)

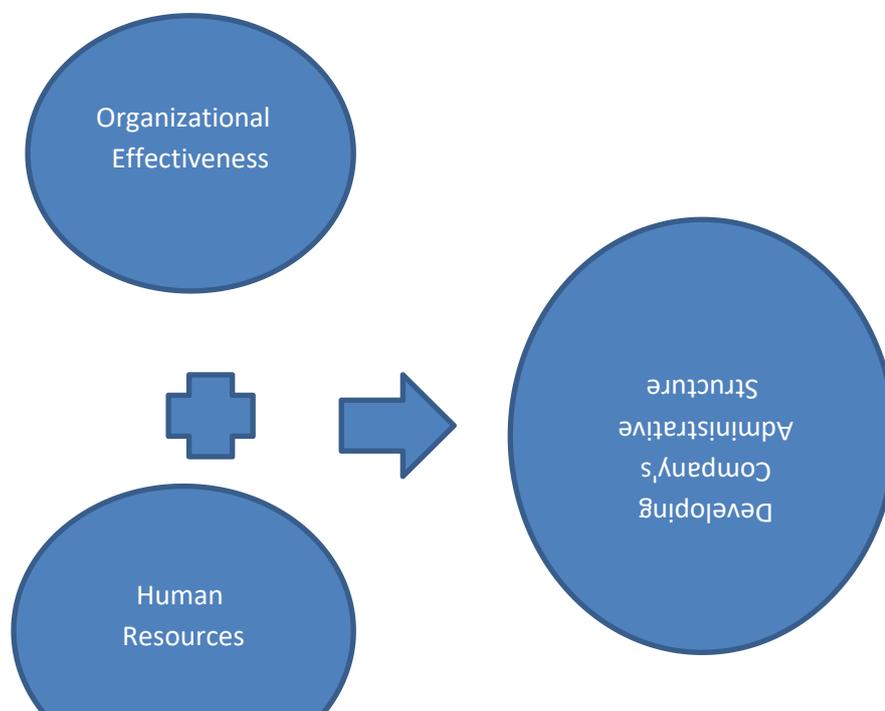
The Research Sample

The research sample is represented by individuals working in a sample of the Iraqi industrial companies which are represented by (Iraqi Engineering Works Company, Baghdad Soft Drinks Company, and the Iraqi Company for Carpet and Furniture) as the research hypothesis will be tested by analyzing the data of that sample for a period of (6) years of the fiscal year (2013 -2018).

Research Methodology

In order to achieve the goals of the research, the inductive approach has been used to cover the theoretical side of the research whereas the analytical approach is used to cover the practical side. Analytical tables will be prepared in order to know the skills of individuals working in industrial companies to know the level of their skills through the monthly rewards distributed among them as well as knowledge of developing the administrative structure through knowing how the administrative reality is evolving by keeping pace with developments in developed companies as a result of the impact of the effectiveness of skilled human resources.

Figure (1) research scheme



The Second Topic

The Theoretical Side

The Concept of Organizational Effectiveness

Organizational effectiveness is defined as the ability of a company to invest in available opportunities to obtain valuable resources in order to perform its tasks. It can also be defined as the degree to which the company achieves the goals it seeks and it can be defined as the degree of clarity of the goals set for the company and the ability to achieve them. The organizational effectiveness represents an action plan that is prepared in the companies in order to achieve the previously set goals that are the result of all the activities carried out by the company (Ladd , 2002 :67)

The Importance of Organizational Effectiveness

The importance of organizational effectiveness is represented by the following points

(Al Yassin: 1998: 53):

- 1 -Helping managers in their management as it becomes a guide for them in job performance, as well as helping them to manage the available funds through their good dealing with financial investments and managing them efficiently.
- 2 -The organizational effectiveness gives managers a clear look as regards the sound way in which the company operates and the correct organizational structure of the company as it is now.
- 3 - The organizational effectiveness gives managers indicators for the purpose of judging the company in the form of multiple measures.

Inputs for Measuring Organizational Effectiveness

Organizational effectiveness is measured according to the following inputs (Larsen, 2001:66)

- 1 -Target Input: the organizational effectiveness is measured according to this input through the final outputs of the company, i.e. the extent to which the final outputs of the company are

identical according to the previously prepared goals. This target is considered the most logical because it agrees with the company basic target of obtaining final outputs the company seeks to achieve and this input implies a set of conditions for agreeing with the company's targets, which are represented in the following: (Balat,2002: 52)

- There must be final goals for the company. •
- The goal must be sufficiently understood..
- There should be general agreement on the goals.
- The goals should be measurable.

2 -The Resource Input: This input has been proposed as a substitute for the target input, as it focuses on the extent of the company's ability to exploit the resources available to it and the extent of its ability to preserve them. This input has been divided into the following- :

a. External Resources: Organizational effectiveness according to this approach is described as the company's ability to obtain and preserve scarce resources that are outside the company.

b - Internal Resources: - The organizational effectiveness according to this input is manifested through the internal efficiency in obtaining scarce resources from within the company, and this input has many indicators, the most important of which are (Hamdan, 2002:130):

1. Interest by managers and workers to work in the company.
2. Team spirit and loyalty to the company and the business.
3. Honesty and trust among working staff.
4. Closeness of the sources of information to the decision-making center.
5. Communications between the upper, middle and lower management of the company.
6. Interaction between the components of the company.

Definition of Human Resources

Human resources are defined as "those knowledge-related assets that have the ability to generate future flows well," meaning that human resources are represented in the difference between the market value of a unit and the replacement cost of its assets.

The most obvious definition of human resources is represented by the definition provided by (Stewart 2002), where human resources represent "all formal and intellectual elements (such as knowledge , data , intellectual assets, and experience) that can be developed to create assets and promote value for economic unity" (James & Rosalind, 2009 :3)

Importance of Human Resources

Human resources are one of the items that have appeared recently and that have importance for economic units at the internal and external level, as there are many views over that importance, perhaps the most prominent of which are:

1. Human resources represent one of the vital things that economic units have recently used to enhance their wealth and develop their performance as well as to maintain their value in the market (Noradiva & Zakiah, 2010: 2).
2. Human resources are considered one of the important sources employed by the organization in achieving competitive excellence and seizing the available opportunities to enhance profitability (Freyedon et al, 2010:4) .

Human Resources as an Organizational Resource

The primary target of companies is to find the appropriate methods and means that perpetuate their work and increase future opportunities for them to achieve long-term success and maintain the financial position and strengthen their performance; therefore , they depend through that on the resources they own, especially intellectual and knowledge resources. In recent times many companies have taken care of preparing annual reports on human resources and intangible assets they own (Smith, 2003: 200). As a result of environmental requirements and an increase in uncertainties, companies increased their dependence on human resources in their being a valuable resource for finding appropriate solutions to sustain the company and ensure that it remains within the competition in the markets (Bonits ,2002:4).

Defining the Company's Administrative Structure

The administrative structure of a company is represented as the official mechanism through which the company is able to define the basic lines between superiors and subordinates, i.e. it is the system of authority, accountability and organizational relations among the people working in the economic unit, which determines the nature of the work in it. It can also be defined as the arrangement of mutual relations among divisions of the company according to a specific hierarchy starting from top management to lower management (Qansuh, 1984: 32)

The Importance of the Administrative Structure

The importance of the company's administrative structure is represented by the following points (Al-Salem, 2000: 12):

- 1 -Arranging relations between employees within the company.
- 2 - It is one of the administrative tools that help the company in achieving the previously set goals.
- 3 -Clarifying the tasks of the departments and divisions of the company and identifying the heads and subordinates.

The Purposes Achieved by Administrative Structures

The purposes of the administrative structure are as follows (Al-Madhun et al., 1995: 10)

- 1 -The administrative structure shows how the business is divided among the employees of the company, and it clarifies the basic and secondary works and whoever does them in the company.
- 2 -The administrative structure clarifies the lines of authority, responsibilities and official communications among employees of the same company or between the company and other companies.
- 3 -The administrative structure shows the relations and coordination among the administrative units in the company.
- 4 -The administrative structure determines the scope of supervision for each head on the number of individuals who are affiliated with him or her , and determines their responsibilities and powers.
- 5 -The administrative structure is useful for determining the optimal plan in the field of training and developing the skills of employees through training programs and determining contacts between them and the training center.
- 6 -The administrative structure is an explanatory document that can be used to study the historical development of administrative institutions during a period of time.
- 7 -The administrative structure helps in identifying the deviations from the goals set in advance and proposing appropriate solutions for them and ensuring that they are not repeated in the future.

The Organizational Effectiveness of Human Resources and the Extent of their Contribution to Developing the Company's Administrative Structure

There is no doubt that the organizational effectiveness represents the extent of the company's ability to exploit the opportunities available to it and that it will not take it efficiently unless it has an administrative staff who has sufficient experience through which strategic plans are being adopted by the company in order to take advantage of the opportunities available to it. The good management of human knowledge is reflected in the exploitation of the opportunities and strengthening of the production center, and thus the integration between intellectual knowledge and managing this knowledge leads to the strengthening of the company's productive and competitive centers, for the companies' reliance on skilled workers is reflected in the development of their administrative structure in a way that makes them keep pace with the changes that may take place in similar companies (Loverde, 2001: 43

The Third topic

The Practical Side

Preview

This topic examines the practical aspect of the research, where the analytical approach will be used to conduct an analysis of the financial reports of Iraqi industrial companies in order to know the number of human skills that companies have and how to manage them, in addition to that, the amount of spending on human resources development and how to develop it for the administrative reality will be analyzed by increasing spending on keeping pace with technological developments that represent the development of the administrative structure for it and that will be measured by the statistical program (spss).

Table (1) Description of the Sample

Seri.	company	Date of incorporation	Nominal capital	Capital at the date of listing	Proportion of the private sector
1	Iraqi Engineering Works 1985	1985	8 million	240 million	66.4%
2	Baghdad for soft drinks	1989	70 million	10 billion	85.37%
3	Iraqi carpet and furniture	1989	5 million	500 million	90.7%

Table (1) above represents the research sample information where the research through which the research will apply the analytical data of it for the six fiscal years to arrive at the research objectives.

First: Measuring the Organizational Effectiveness of Human Resources by Knowing their Skills during the Years in the Research Sample

There will be a reliance on the amount of spending on human resources in Iraqi industrial companies for a period of six years to know the level of organizational effectiveness for them through the development of their skills as well as knowing the percentage of development through spending on training courses and the development of skills that are represented in the following table:

Table (2) Measuring the Organizational Effectiveness of Human Resources for Iraqi Engineering Works Company for Six Years (Amounts in Thousands)

Years	Human Rewards	Ratio of Rewards	Growth Ratio	Human Training Expenses	Skills Ratio	Growth Ratio	Average Growth Rate (Organizational Effectiveness)

2013	210	3%	20%	403	1%	10%	15%
2014	302	4%	40%	410	1%	10%	25%
2015	431	4%	50%	470	2%	15%	32.5%
2016	532	5%	50%	492	3%	15%	32.5%
2017	550	5%	55%	510	3%	16%	30.5%
2018	591	6%	60%	530	2%	19%	39.5%
Average	436	45%	45%	469	2%	14%	29%

Source: published financial statements of industrial companies

It is noted from Table (2) that the measuring of the organizational effectiveness of human resources in the Iraqi Company for Engineering Works for six years is conducted by relying on the growth rate of expenses on human resources through rewards and training expenses and skills development, whose proportions were extracted through the following formula:

Rewards or skills ratio = spending on rewards or skills divided by the total spending on human resources.

As for the growth rate, it was extracted from the following formula:

Growth rate = the percentage of rewards or skill growth in the current year– the percentage of rewards ratio or skill growth in the previous year ÷ the percentage of rewards or skill growth in the current year ×100% .

As for the organizational effectiveness ratio, it was extracted through the average growth rate of rewards and skills that will be adopted in arriving at knowing its impact on developing the administrative structure of the research sample companies.

Table (3) Measuring the Organizational Effectiveness of the Human Resources of Baghdad Soft Drinks Company for Six Years (Amounts in Thousands

Average Growth Rate (Organizational Effectiveness)	Growth Ratio	Skills Ratio	Human Training Expenses	Growth Ratio	Rewards Ratio	Human Rewards	Years
5%	10%	2%	203	0%	1%	104	2013
5.5%	10%	2%	310	10%	1%	110	2014
9%	16%	3%	372	20%	2%	121	2015
10%	19%	4%	390	1%	2%	140	2016
11%	20%	4%	410	1%	2%	150	2017
11.5%	20%	5%	450	10%	3%	191	2018
8%	15%	3%	355	7%	%1	136	Average

Source: published financial statements of industrial companies

It is noted from Table (3) that the measuring of the organizational effectiveness of human resources in the Baghdad Company for soft drinks for six years is conducted by relying on

the growth rate of expenses on human resources through rewards and training expenses and skills development, which were extracted through the use of the equations referred to in the comment of Table (2) where an increase in spending on the development of human skills in the company in a manner that reflects on the development of their organizational effectiveness as shown in the proportions in the above table.

Table (4) Measuring of the Organizational Effectiveness of the Human Resources of the Iraqi Company for Carpets and Furniture for Six Years (amounts in thousands)

Average Growth Rate (Organizational Effectiveness)	Growth Ratio	Skills Ratio	Human Training Expenses	Growth Ratio	Rewards Ratio	Human Rewards	Years
5.5%	8%	3%	103	3%	1%	110	2013
12.5%	10%	3%	210	15%	2%	115	2014
8%	13%	4%	272	25%	3%	130	2015
10%	17%	5%	290	2%	3%	130	2016
12%	20%	5%	310	10%	4%	140	2017
22.5%	25%	6%	350	20%	5%	151	2018
11%	15%	4%	255	12%	3%	129	Average

Source: published financial statements of industrial companies.

It was observed from Table (4) that it measures the organizational effectiveness of human resources in the Iraqi Company for Carpet and Furniture for six years, by relying on the growth rate of expenditures on human resources through rewards and training and skill development expenses that were extracted through the use of the equations mentioned in the comment of Table (2) where an increase is noticed in spending on the development of human skills in the company in a manner that reflects on the development of their organizational effectiveness as shown in the proportions in the above table.

Second: Knowing the Level of Developments in the Administrative Structure of the Research Sample Companies during the Six Years

The volume of spending will be relied upon to develop strategic plans that the research sample industrial companies seek to implement, through purchasing advanced equipment and conducting transformations of electronic systems and modern information systems, which will be relying on the volume of growth incurred by these expenses as an indicator to increase the growth and development of the management structure of the company as shown in the following:

Table (5) The volume and proportions of spending on strategic plans and modern information systems in the research sample companies (amounts in thousands)

Details YEARS	Iraqi Engineering Works		Baghdad for soft drinks		Iraqi carpet and furniture	
	The volume of spending on modern systems	Growth ratio	The volume of spending on modern systems	Growth ratio	The volume of spending on modern systems	Growth ratio
2013	130	5%	430	5%	521	8%
2014	140	6%	440	6%	542	7%
2015	153	6%	572	12%	544	6%
2016	155	7%	590	13%	568	9%
2017	177	8%	599	15%	570	9%
2018	180	8%	610	20%	590	10%

Table (5) above shows the volume of spending on modern technological systems, information systems and strategic plans for Iraqi industrial companies which are the research sample during a period of (6) years, where there is an increase over time, which indicates the progress of companies and their clear desire to adopt a modern policy to develop its management structure as well as the role played by the organizational effectiveness of human resources, and for the purpose of knowing that role, the correlation and regression model will be relied upon using the statistical program (spss) to find out.

Table (6) Organizational effectiveness ratios and growth rates for spending on modern information systems

Details YEARS	Iraqi Engineering Works		Baghdad for soft drinks		Iraqi carpet and furniture	
	Growth Ration Average	Growth Rate	Growth Ration Average	Growth Rate	Growth Ration Average	Growth Rate
2013	15%	5%	5%	5%	5.5%	8%
2014	25%	6%	5.5%	6%	12.5%	7%
2015	32.5%	6%	9%	12%	8%	6%
2016	32.5%	7%	10%	13%	10%	9%
2017	30.5%	8%	11%	15%	12%	9%
2018	39.5%	8%	11.5%	20%	22.5%	10%

From Table (6), the growth rates for organizational effectiveness and growth rates for spending on technology plans for developing the administrative structure in industrial companies are observed in the research sample, which will be relied upon mainly for statistical analysis and hypothesis testing, as shown in the following table:

Table (7) Statistical analysis between the growth averages for organizational effectiveness and the development of the administrative structure of companies

Details	Indicators of statistical analysis
views	6
Coefficient (T)	11.50
Coefficient (F)	9.841
B	8.320
Correlation Coefficient	0.985
level of significance	0.031

6

It is noted from Table (7) above that there is a strong and direct correlation between the organizational effectiveness of human resources and the development of the administrative structure of industrial companies in the research sample, as the correlation value reached (0.985) with a significant level (0.031) which is less than the size of the significance (5%) and the level of significance (8.320) through the coefficient (B), that is, as the organizational effectiveness of human resources increases by one unit, this leads to the development of the administrative structure of industrial companies by (8,320), through which it achieves the research hypothesis that (the organizational effectiveness of Iraqi industrial companies leads to developing human resource skills in a way that reflects on its administrative reality).

Findings and recommendations

Findings

At the practical level , the researcher arrived at the following- :

- 1- Human resources are considered one of the most important knowledge resources owned by companies, which must be given great importance due to the impact on the various activities in the company.
- 2 -Sound spending operations affect the rewards and training courses for the human cadre in companies in developing their organizational activities.
- 3 -The processes of caring for knowledge and managing it efficiently play an important and prominent role in meeting the company's need of the information required to achieve its goals.
- 4 -There is a moral impact of the organizational effectiveness of the human resources of the company and the development of its administrative reality through the adoption of the management of industrial companies by modern strategic plans in the future.
- 5 -Organizational effectiveness is one of the most important variables that the management of industrial companies is required to develop by attracting experienced individuals to increase future resources.

Recommendations

According to the above conclusions, the researcher recommends the following- :

- 1 -The necessity of starting to understand the philosophy of human knowledge management in industrial companies through the importance and connections with other variables.
- 2 - Paying attention to human resources and their components as one of the intellectual resources that affect the various areas of the company's work.
- 3 -It is of the utmost necessity to re-establish a special research and development in industrial companies concerned with the process of attracting and developing intellectual knowledge.
- 4 -Seeking to create a general education in industrial companies through which two purposes are performed , the first is to complete the jobs for which it was found, and the second is to send knowledge and education to work.
- 5-Paying attention to organizational learning, cultivating trust, honesty and commitment among workers and promoting team spirit among them because of its impact on providing opportunities and strengthening the competitive position.

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