

# The Effect of Blending HRM Transformational Leadership Style with HRM ICT Expertise Leadership Style on Creating New HRM Strategy that Enable National Companies to Go Global. Evidence from Jordan: Sayegh Group and Hikma Pharmaceutical Corporation

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## Abstract

There is no single HRM strategy that can cure all HRM problems and complicated issues. Thus, most companies go by the book in this regard; however, the majorities have their own policies and strategies they use to achieve their objectives in general and competitive advantage in particular. One of the strategies used in HRM is blending HRM traditional transformational leadership style with ICT expertise leadership style in order to have a new HRM leadership style by which an organization can compete internationally and effectively as companies in the developing countries do. This type of organizations relies heavily on human element as the driving force for their survival and success. This study comes to investigate the effect of blending of HRM transformational leadership with ICT expertise leadership on creating a new leadership style which enables national companies to compete regionally and internationally against MNCs. Two Jordanian companies are chosen for this purpose. Qualitative approach is used to collect needed data. Results revealed that the blended type of HRM leadership has a positive impact on these companies' international performance. Recommendations are expressed.

**Keywords:** Transformational Leadership, ICT expertise, MNCs, Sayegh Group, Hikma Pharmaceutical

## Introduction

The country of Jordan:

Although Jordan is a tiny state, with no natural resource and living on foreign aid, however, it depends greatly on its human resources for survival. Jordan invests heavily on citizens' education and in a way that allows me to argue that Jordan has become a learning country, or a huge learning organization. A brief review of the ministry of education records and the Department of Statistics reports reveals amazing statistics; 1,5 million students enter school class rooms every September of each year. There is 33 public and private universities and community colleges distributed throughout the kingdom. Illiteracy rate is less than 4%, unemployment rate is about 13% which is an excellent rate in comparison with region's countries. In addition Jordan attracts about 50,000 students from other countries to continue their higher education in Jordan. This glimpse of statistics proves that Jordanians give utmost importance to education. As a result, skilled work force has enriched labor market within and out of Jordan. Jordanian skilled work force has been able to play a crucial role in building the country as whole and its economy in particular. Since 1960 until now Jordan has sent thousands of professional work force to Saudi Arabia and the Gulf states to work there as bankers, teachers, doctors and engineers and other similar professions. According to the D of S' reports, there are approximately 400,000 Jordanian professionals working in the Gulf states and Saudi Arabia. These workers transfer about three billion dinar to Jordan every year. This is true for Jordanian businesses, which consider human resources as the most precious asset they own. Taking advantage of stability and security Jordan enjoys, while having skilled work force some companies start exporting certain pharmaceutical and other commodities and light industry product to neighboring country Iraq in particular, during Desert storm war. Later, some Jordanian companies decide to go global taking advantage of bilateral trade treaties Jordan signed with other countries such as Trade agreement with the USA and the European partnership agreement with the European Union.

Executives of Jordanian firms that have gone global know very well that they have to have a balance between competitive challenges and human resource management, embracing technology, managing change, developing human capital or knowledge workers and containing cost, according to Porter's generic theory: "provide differentiation and cut cost." (Bohlander & Snell 2004).

Jordanian firms can't compete with global giants such as GE or Toyota when they offer their global customers "anything, anytime, anywhere" around the world. Instead, national firms relied heavily on three factors that encourage such firms to go global: first, Their knowing that 97% of all U.S. exporters are small and mid-size companies (Burpitt & Rondeinelli, 2000). Thus Jordanian firms do not have to be huge like Toyota or GE to compete globally. Second, responding to the market. When US opened its market to Jordanian firms as a result of a trade treaty signed between the two countries, more than ten textile and garment companies have started exporting garment to America, taking into consideration meeting customer requirements of quality, innovation, variety and responsiveness. Third, Competitive advantage through people. Jordanian firms are ready

to have HRM professionals to be knowledge workers and HR leader must have extraordinary characteristics such as : Having business mastery, HR mastery, change mastery and personal credibility.. In other words HR executive must be a transformational leader who empowers his subordinates in every aspect and helping people managing people more effectively( Yeung et al,1994).In addition, HR transformational leader should possess enough knowledge in technology in order to facilitate his/her duties.

This topic is what the research is all about .It discusses the problem area of the study namely” should HR executive be a transformational leader or IT expert , or a blend of the two styles in order to have positive impact on organization’s global performance.

## Literature Review

### HR Transformational Leadership Style

Gone forever the days in which HRM used to be a personnel office with ordinary supervisor or over seer whose main function was workers’ hiring, firing and payroll. Instead, HRM has developed significantly and in a way that HR professionals have become important part and vital component of organization’s management. HR executives participate in management decision making process, and organization’s policies and strategies.( Gobler et al 2011).Furthermore, HR leader has the authority in aligning Functions with company’s strategy. Also, has higher status such as, vice president for HR, concerned with all managers and employees, and coordinates all activities in a professional way that meets the organization’s needs, capabilities and its competitive advantage, and being goal oriented personality. (Valeri dermol 2014).

HR transformational leader has the mastery in one of the most popular theories in studies that link HRM and performance namely; Ability, Motivation, and Opportunity (AMO.) This theory states that, when employees are motivated, they are likely to perform better, leading to higher firm’s performance ( Cheng Ling Tan et al 2011).A good example is the Jordanian Potash Corporation. In the late 1970s and early 1980s the company was at the verge of bankruptcy. Its shares value was catastrophic, mere 1, 50 JD per share in Amman Stock Exchange. However, things have turned around with the advent of a new president. He took over HRM department with the focus on employee empowerment (financially, socially, psychologically etc.) He was a true leader who was able to save the company through his employees. This new leader was able to motivate his employees, thus he earned their satisfaction, loyalty and excellent performance. Consequently, stockholders received generous dividends, while company’s share value soared higher than expected to become 32, 5 dinar per share. (Ministry of Industry and Trade 2013). As Thomas J Watson, founder of IBM, said, “You can get capital and erect buildings, but it takes people to build a business.”(1963).

### IT Expert HRM Leadership Style

Prior to their going global, Sayegh Group and Hikma pharmaceutical’s managers had to balance a complicated set of issues such as : geography, laws, business practices and most importantly , is human resources .With the help of nowadays advanced technology HRM professional’s main goal is to transform his work force from ordinary to knowledge workers . The purpose of this is to reduce the numbered jobs that require little skills and increase the number of job that requires considerable skills. A knowledge worker indicates the expansion of worker’s responsibilities to include managerial activities such as, planning, decision making and problem solving.(Drucker 1999)Hikma Pharmaceutical devoted to this practice , whereas,, most of its employee development courses are designed to computer skills training . Sayegh Group utilizes Human Resources Information System (HRIS) so as to provide its employees current and accurate data for purposes of control, decision making, producing reports strategic planning and other similar functions. With IT network HR leader can communicate more easily with others in remote parts of the world, with lowering administrative cost speeding response time. Ultimately, enhancing service, productivity and organization’s performance.

Besides IT has transformational impact it can improve operational efficiency and enhance relational connections. HR leader who is IT expert can expand the scope and functions of his HRM department. Sayegh Group executives use company’s specific intranets to establish home pages and employee portals that provide up to date information sand coordinate activities of its employees and subsidiaries that stretch from Sudan in Africa to Saudi Arabia and the Gulf states to Bella Russia, Ukraine and back to their headquarters in Amman, Jordan.

## Sayegh Group

Sayegh Group, established in 1932, is a leading multinational conglomerate of companies and investments spreading across the Arab World, Eastern and Western Europe and Asia. The Group’s core business lies in the production, distribution and export of paints whereby it owns fourteen paint and three resin plants worldwide. Sayegh Group has invested in a wide range of products, services and supportive industries such as chemical engineering industries, cookware, mining, real estate, as well as media and banking. Today, Sayegh Group comprises of 35 companies and led by over 5000 dedicated employees.

National Paints/Egypt Introduces ERP IFS System National Paints/Egypt held a dinner banquet, celebrating the installation of a new standard ERP IFS system across the group of National Paints. The banquet

was attended by: the managing director of National Paints/Egypt Mr. Faeq Sayegh; the general manager of National Paints/Egypt Mr. Johan Cloet, the IT managing director Mr. Doug Cleasby; the general manager of operations & manufacturing Mr. Frank Vanooigen; the General Manager of the supply chain Mr. Apostolos Baxevanoglou; and the managers of companies and departments from different branches.

National Paints has decided to name the ERP system the “IRIS Project”, which is expected to start in Egypt. Following weeks of planning and preparation, the company is honored to announce that the first phase of the ERP system (enterprise Resource Planning) has been completed in the National Paints Factory in Egypt. Designed to standardize operations in the National Paints factories, IRIS project will be later expanded to include all companies of the group. Bringing together staff from Jordan, Sharjah and Egypt, the project’s team will work with experts from our partner companies in the ERP system, who have been selected to implement this key project. A new and exciting challenge, IRIS project will initially go-live in January, 2017 in Egypt to support users from all functions and levels.

In the next phase, the project will be launched in Sharjah and Jordan next year, before it expands and covers all factories of National Paints. IRIS project, which is a major investment for the group, along with the employees’ dedication are expected to further enhance the company’s status as a leading company in the global market.

National Paints’ Rankings in the Global Market National Paints ranked 35th among the leading coatings producers worldwide, according to a global survey and a report conducted by “The Coatings World” and released in July, 2016. The report, which was started in 1996, ranks companies worldwide based on the value of their annual sales in US Dollar.

Projects National Paints / Nablus implemented Garden City Hall Project in Hebron City through applying Epoxy paint on the floor. Veno Design Company, Engineer Woroud Abu Al Dabat and Engineer Hatem Al Sarsour supervised the project, which is owned by Tala Biyuod Al Tamimi, and Husam Qasrawi the paint technician. The product was provided by Opal Hebron Company.

It’s worth mentioning that APC products were used in Qatar project, Construction Safety Company Project in Gaza, Professional Training Center Project / Salfit, which is a subsidiary of the Ministry of Labor. These projects were implemented by Mimar Contracting Company, where APC products and National Paints were used (Araquel - Arasid - Aralk - Hammer Finish) and followed-up by contractor Ayman Dari.

### **Hikma Pharmaceutical**

As we grow, we continue to focus on delivering high-quality, affordable generic and branded generic medicines to patients across our global markets. Across our core business segments, we are strengthening our position as a leading global injectable manufacturer, developing our portfolio of non-injectable products in the US and leveraging our position as a leading pharmaceutical manufacturer in MENA and emerging markets. LONG-TERM SUSTAINABLE VALUE Our success is underpinned by our diversified business model, enabling us to drive continued growth in the years to come.

[HIKMA AT A GLANCE](#) we develop, manufacture and market a broad range of branded and non-branded generic pharmaceutical products across the US, the MENA region and Europe.

[OUR BUSINESSES](#) we are providing patients with high-quality, generic and in-licensed products across three core business segments. [OUR GLOBAL PRESENCE](#) We have 29 manufacturing plants in 11 countries supplying our global markets. [OUR LEADERSHIP](#) Our leadership, which includes our Board of Directors and Executive Committee, has a wealth of experience and a proven track record.

### **Methodology:**

In order to achieve the study objectives, data is collected through a questionnaire which was developed in order to be used in a qualitative approach through structured interview conducted with both companies HR executives. Questionnaire consists of 10 items, 5 directed HRM transformational leadership style and 5 items towards its expert HRM leadership style as follow:

item	HRM transformational leadership style	Yes	No	In between
1	When you face forces driving change in HRM such as technology and globalization; do you have skilled leaders to manage such change?			
2	Do you have HRM professionals able to communicate HRM vision?			
3	Do you invest in your HR professionals the economic value of knowledge, skills and capabilities?			
4	Are your HR workers able to learn and translate that learning to action rapidly?			
5	Do you treat female workers equally with male workers?			
	IT expert HRM leadership style			
6	Do you use technology in recruitment and selection training and development?			
7	Do you use traditional approaches to learning?			
8	Does your company use advanced tools such as performance compass for it leadership development program?			
9	Do you use programs focused on TQM, continuous improvement, reengineering and the like in your organization?			
10	Is the Predominant leadership style of HR professionals: IT style?			

### Results and Discussion:

HRM executives in both companies answered the questionnaire's items with positive response. There answers are credible because are very well known in Jordan for their international achievements. Right after the interview I Had open discussion with both HMR executives.

Sayegh executive explained that he answered the ten items positively because they use both HRM leadership style. This means that they blend transformational leadership style with IT expert HR leadership to come up with blended type of leadership. Nowadays a transformational HR leader would find difficulties in managing HR department effectively without using IT technology. Today's technology has touched every aspect of human's life: school, work, business etc. Matter of fact technology has changed people's culture from traditional into digital culture. Thus, like it or not, one is forced to embrace IT technology. He says.

Hikma executive declares that "technology effect is so dramatic that at broader level, we are changing the way we do business" the IT system that organizations use – including Sayegh and Hikma – Help to institutionalize organizational Knowledge. Also allowing for even better use of the information which are at the organization disposal. IT technology is operated and use by humans.

This human element is crucial in organization's survival.

Finally, both companies- Sayegh and Hikma- blended human element with IT technology to produce a useful strategy that enable both companies to go global.

This study has some limitations which hindered the results to be generalized thus, further studies is recommended to include more than two companies.

### Conclusion:

Human resources are the crucial factor and determinant in organization success. Competent professionals can do miracles in the life of organizations. However, people have found information technology to help them, and make their life easier. Thus, it has become a necessity for everything. In businesses, executives rely heavily on technology in managing organization and having return on their investment.

This study used two companies that have been able to go global. Sayegh and Hikma. With the devoted executives and the help of technology; Sayegh started from a small paint factory to become a multinational company with 135 subsidiaries, branches including two banks and well known TV station.

The same can be said about Hikma pharmaceutical. It started with JD one million in sales to have seven hundred million dinar in sales.

Their secrets is both companies have blended the HRM transformational leadership style with IT expert HRM leadership style to produce very effective HRM leadership style that has enable them to carry their business beyond the national borders.

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