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## **IMPACT OF STRATEGIC HUMAN RESOURCE MANAGEMENT ON CORPORATE FINANCIAL PERFORMANCE AND PERSONNEL PERFORMANCE WITH THE MEDIATING ROLE OF ENTREPRENEURIAL ORIENTATION**

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### **ABSTRACT**

*This study aimed to investigate the impact of strategic human resource management on the corporate financial performance and personnel with the mediating role of entrepreneurial orientation. This study was conducted using an applied approach at ALBORZ corporation. According to the theoretical foundations used in this research, "strategic human resource management" is an independent variable. In addition, "entrepreneurial orientation" is an intermediary variable and "corporate financial performance" and "personnel performance" are dependent variables, respectively. Therefore, research hypotheses were developed. A 5-point Likert scale questionnaire was used to collect data. The study population consisted of managers and experts working in ALBORZ corporation and a sample (n = 205) were selected using the census method. Validity of the questionnaire was confirmed by using content validity and construct validity, with Cronbach's alpha (0.804). Structural equation modeling and LISREL software were used to test the research hypotheses. According to the results, strategic human resource management has a direct impact on financial performance (0.41). The impact of strategic management on entrepreneurial orientation was 0.58 and the impact of entrepreneurial orientation on financial performance was 0.46. Therefore, the total effect of strategic human resource management on the human resource performance with the mediating role of entrepreneurial orientation at ALBORZ corporation has been obtained 0.88, indicating confirmation of the first hypothesis of the study. Further, the direct impact of strategic human resource management on the personnel performance was 0.75 and the impact of entrepreneurial orientation on personnel performance was 0.20 as well. Therefore, the total effect of strategic human resource management on the human resource performance with the mediating role of entrepreneurship orientation in ALBORZ corporation was 0.92, indicating the confirmation of the second main hypothesis of the study.*

**Keywords:** Strategic Human Resource Management, Entrepreneurial Orientation, Financial Performance, Manpower Performance

### **INTRODUCTION**

Manpower, as the most important and valuable asset of an organization, is the cornerstone of a successful organization. The use of strategic human resources management for improving the organizational productivity has always been a primary concern of nonprofit and for-profit organization. Organizational performance depends on the capability and human resource development (Gutierrez et al., 2018). Organizations always seek to make the best use of available resources and enhance their internal capabilities in order to achieve their organizational performance improvement and consequently, reach their organizational objectives successfully. Manpower, as the largest asset of an organization, has always been the

focus of both nonprofit and for-profit organizations. Improvement or development of manpower capabilities is an effective way to improve organizational performance (Roy et al., 2017). Organizational performance management is recognized as one of the most important tasks of organizational management and it is necessary for both nonprofit and for-profit organizations to have a transparent and developed system for monitoring their organizational performance. The recent evidence has shown a direct relationship between strategic HR management and organizational performance. It means that the greater evolution of organizational resource management system will improve the organizational performance, leading to fewer disadvantages (Rotenberg et al., 2017). A review of performance management activities reveals that although the objective of employee performance appraisal was to increase efficiency, the traditional approach viewed the performance management as a tool for punishment. In fact, conventional and traditional performance management practices are not able to improve the organization's performance in an effective way and nurture competent, capable and committed employees to assist in the achievement of the organization's goals. The new approach to performance management is based on the premise that employees should take responsibility for their actions and consider their commitment to satisfactory performance as a condition for their continuous employment. Hence, the main advantage of this approach is delegation of responsibility from supervisors to employees (Ebili et al., 2013: 216). Since today human resources are the most valuable factor of production and the primary capital of each organization as well as the main source of creation of competitive advantage and the basic capabilities of each organization, human resource planning forms an integral part of organizational planning. Having a well-defined planning for meeting the skill and training requirements and finally, human resource development is an important factor in human resource planning. Making employees more effective and productive through the improvement process is the most effective way to gain competitive advantage in the current situation. What is important in the development of human resources is that the improvement of human resources cannot be achieved only by providing technical and specialized training but through the development of the employees using a wide variety of methods and this goal will be achieved only by applying strategic management in the field of HRM (Zamanie, 2015). Today, human resources are considered the most invaluable assets and the main factors of production, as well as the most important strategic reserves within the organizations. Having access to the state-of-the-art technology and the highest level of resources and facilities without taking advantage of professional, specialized and efficient manpower or inability to use them optimally does not guarantee the organization's efficiency in the market and as a result, it fails to compete successfully against the biggest rivals. This study is of great importance for organizations, because it can capture more attention for the firm's capabilities in terms of human resources in the competitive arena; which lead to create organizational sustainability, as well as increase profits for organizations and companies. However, personnel training and development play a crucial role in employee's abilities and behaviors within the organizations and it is imperative that all organizations and companies pay special attention to increasing their employees' knowledge and awareness (Mehdizadeh, 2016). Since human resources are the strategic resource for organizations, they can be an integral part of strategic planning and the majority of organizational and human resource planning are strategic in nature. The process of technological, social and economic transformations faced by



organizations in the internal and external environments is among the most important factors that have led to the creation of a new attitude in the strategic human resource planning. This research seeks firstly to identify the appropriate strategy by taking into account the external and internal changes of the organization using SWOT method, and then selects a tool for performance assessment. Balanced Scorecard is a universal tool for strategy application; it is a basic concept and tool developed by Kaplan and Norton. HR Scorecard provides an equilibrium between the organization's strategies, goals and demands of human resources, and also develops a statistical measure for measuring human resource efficiency and its contribution to the corporate strategy implementation (Panyotopy, 2014). Today, in order to meet the competitive challenges faced by organizations and to achieve the objectives, survival, and profitability in the current dynamic world, focusing on the human resources strategic management task is one of the key components with regard to success increment in an organization. In this regard, a survey of global action shows that organizations need to focus on the role of human resources strategic management as a primary tool rather than a secondary tool in order to gain competitive advantage and increase their market share. In the modern world, strategic management in the broader sense attempts to combine the employee's training and development with organizational improvement and career development path, so that individuals involved in groups and organizations are able to grow effectively and create a link between the global, national, organizational and individual needs. Meanwhile, it seeks to develop a coherent and dynamic approach to understanding the needs and characteristics of human resources and organizations in order to facilitate conditions conducive to fulfilling organizational goals and strategies in today's turbulent and changing competitive environment. The aim of strategic human resource management is to develop a vision that can identify the core issues associated with employees (Salajegh, 2014). Therefore, the present study aimed to investigate the impact of human resources strategic management on the company's financial performance and human resources with the mediating role of entrepreneurial orientation. Since strategic human resource management (SHRM) can play an important role in the organizational performance at ALBORZ corporation, implementing the strategic human resource management principles in line with organizational goals can eliminate the gap caused by a shortage of productivity due to the disproportion between the expertise and human resource job. As a result, the manpower's appropriate placement based on the expertise and skills will contribute to the company's success.

This company, which plays an active role in the field of information and communication technology, operates in a competitive environment. In this company, performance management is based upon two fundamental objectives. On the one hand, the company attempts to achieve higher levels of job performance in the competitive environment of its related fields and to improve its performance in the field of human resources on the other hand. In this regard, strategic human resource management can facilitate the achievement of the company's business goals by taking into consideration the mediating role of entrepreneurial orientation. Therefore, it is of paramount importance to undertake an independent study investigating the impact of human resource strategic management on financial and human performance with the role of mediating entrepreneurial orientation in ALBORZ corporation. Therefore, the main question addressed in the research is: What is the



impact of strategic human resource management on the corporate financial performance and manpower with the mediating role of entrepreneurial orientation in ALBORZ corporation?

## THEORETICAL BASIS OF STUDY

We often face with limited resources, such as capital, land, energy, equipment and ... However, having an immense and infinite source, such as the power of creativity and innovation, can bring some benefits to the companies in competitive markets and build a better world based on it. Hence, human resource management constitutes an integral part of management science, which helps organizations to achieve a futuristic, innovative and transformative thinking with a strategic vision and provide a deep insight into the role of human resources in absorbing, securing, cultivating and maintaining human resources and, ultimately, the proper and effective application of this important strategic resource. As a result, it is necessary to have a great attention to the level of human resource activities within the organizations, so that they can maintain their position in the critical competitive situation and promote them (activities) from administrative tasks toward alignment with the business strategy level and as an important decision maker. The philosophy underlying the human resources management is based on the implementing the organization's mission and its success depends upon the presence of employees as the most valuable element of the organization, the link between human resources policies and processes with strategic designs and objectives, governance of culture and organizational values, and ultimately, aligning with common and integrated goals among the public. Entrepreneurship is defined as the process or concept through which an entrepreneur engages in the creation of new businesses and companies and innovative organizations through shaping and adopting innovative and creative ideas, identifying new opportunities and using resources. This process involves accepting minimal risks but often leads to the introduction of a product or the provision of services for the community. Therefore, "entrepreneurs" are described as the agents of change that sometimes lead to astonishing advances (Dariyani, 2011). The operational definition of entrepreneurship in the research is based on the score that respondents assign to the entrepreneurship questionnaire items. This study used a standard questionnaire developed by Chopanie (2010) and consists of eight items (items 15 to 22).

### *Human resources management*

In human resources management (HRM), people are managed within the range of employer-employee relationship. This management generally takes place through one of the two following goals: "effective use of humans in achieving strategic organization objectives" or "meeting the individual needs of employees" (Noorie, 2010: 65). Human resource management has been defined as the process of identification, selection, recruitment, training and development of human resources in order to achieve the organizational objectives (Saadat, 2011: 29). This term has also been described as the strategic and sustainable management of the most valuable assets of a company or organization mainly employees who work together at the same place and help the organization achieve its defined goals.

A distinction was made by Storey (1989) between the 'hard' and 'soft' versions of HRM (Armstrong, 2009: 67). Strategic human resource management has been defined as the application of inclusive, innovative and organized transformational thinking for providing human resources management in organizations, its development and improvement, providing



high quality of work life and finally, the proper and effective use of the strategic resource through understanding and applying the influential and effective aspects of internal and external organizational environment in order to accomplish the mission and achieve the organizational goals (Afjeh & Esmailzadeh, 2009: 29). In the present research, human resource activities have been defined based on the following dimensions: providing equal employment opportunities, flexible working plans or arrangements, effective employee communication, human resource development and training, compensation services, accurate recruitment and management development (Chang et al., 2012: 59). The operational definition of entrepreneurship in the research is based on the score that respondents assign to the entrepreneurship questionnaire items. This section of study utilized a standard questionnaire developed by Chang and Hoang standard questionnaire (2005) and has 14 items (items 1 to 14).

### *Organizational Performance*

Literally, performance refers to the status or quality of functions. Therefore, organizational performance is a general construct referring to how organizational operations are performed (Rahnavard, 2006:65). Organizations need to continuously improve their performance in order to survive and make progress in today's competitive world (Bazaz Jazayerie, 2009: 33). Performance refers to the process of performing tasks and activities and their outcomes (Alam Tabriz et al., 2009). Over the past decades, organizational performance has drawn the attention both of academic researchers and managers operating in executive departments because they have the ability to understand the optimal use of both tangible and intangible resources within the organizations; however, intangible resources are of great importance for organizations (Aldafrie, 2013; 29). Schermerhorn et al. (2002) assert that job performance refers to the quality and quantity that is attained by individual employees or group of employees after completing a given task. On the other hand, Armstrong (2006) defines performance as a strategy based on the analysis of the underlying critical success factors and performance levels resulting from them (Bazaz Jazayerie, 2009: 29). Nilie et al, (2003) presented the most popular definition of performance: "The process of explaining the quality of the effectiveness and efficiency of past actions" (Rahnavard, 2008; 65). According to this definition, the performance can be categorized into two elements: 1) efficiency, which describes how the organization makes use of resources produce goods or services; that is, the relationship between the actual and desired combination of inputs for the production of certain outputs; and (2) the effectiveness that describes the achievement of organizational goals. These objectives are typically explained in the forms of appropriateness (The degree of outputs compliance with customer's needs), accessibility (aspects such as abundance, presentation among the priority groups and physical distance) and quality (the degree of realization of the required standards). In his definition of performance assessment, Moulin (2012) emphasizes the manner of management and value creation: "Assessing how organizations are managed and how they create value for their customers and other stakeholders" (Mullin, 2012; 65). Organizational performance can be defined as an indicator for measuring the desired and effective level of an organization to achieve its defined objectives, which can be estimated through the organization's efficiency and effectiveness in achieving its goals. Organizational performance is a function of human resource performance and its interaction with the resources and capabilities within the organization (Hoo, 2008: 24).



A superior performance organization is characterized by the ability to adapt appropriately to changes and respond quickly to these changes, to create a coherent and targeted management structure, to continuously improve its key capabilities and have an appropriate behavior with the employees as the main asset in order to achieve better results than its peers over a long period of time (Isa Khani, 2009: 29). The operational definition of entrepreneurship in the research is based on the score that respondents assign to the entrepreneurship questionnaire items. This section of study used a standard questionnaire developed by Hersey and Goldsmith (2008) and consists of 14 items (items 1 to 14). Performance is expressed based on the company's financial function of profitability relative to the resources being used to achieve the set goals. In addition, financial performance refers to measurable results, decisions and actions taken by the organization, indicating the success and achievement rates (Nelly et al., 2003: 44). The company's financial performance can be measured based on market share, return on investment, market share growth, increased return on investment, profit margin on sales and the overall position of competition (Lie et al., 2006; Qaranfleh et al., 2014).

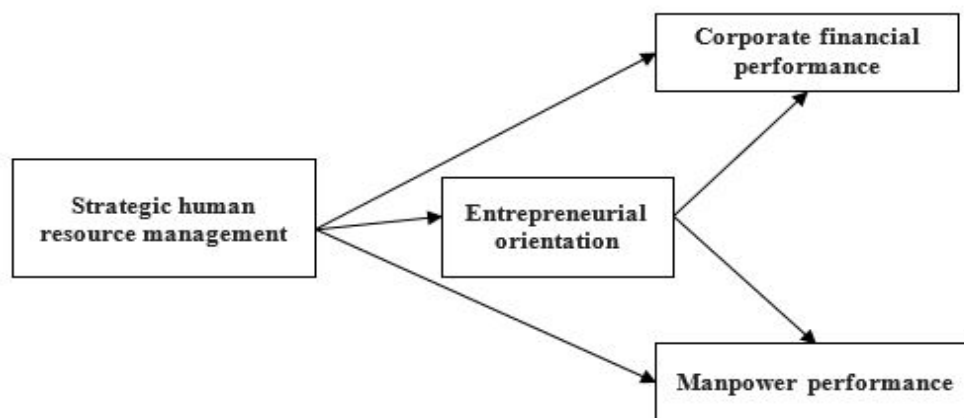
### ***Review of literature***

In a study entitled as "Evaluation of the impact of knowledge management strategies on organizational innovation and performance (case study: health centers in the North of Fars province)", Safarzadeh et al. (2012) showed that personalization and coding of knowledge has a positive effect on innovation and organizational performance; in addition, these variables positively affect organizational performance through innovations. It was also found that there is a positive and significant relationship between innovation and organizational performance. In another study by Karimi and Hosseini (2011), the effect of effective strategic factors on talent management was investigated. The results have shown that each of the above factors has a significant effect on talent management. Among these factors, organizational culture, strategic human resource management, government laws and regulations, and organizational strategy had the highest impact compared to other factors, respectively. In addition, the results of the study by Salehzadeh and Labvaf (2011) entitled as "Development of a model for strategic management of talent for improving the organizational performance revealed that it is necessary to create a talent repository of jobholders with high potential and performance in order to implement the strategic talent management based on the presented model. Atafar et al. (2010) have also investigated the impact of human resource strategies on organizational performance with the mediating role of entrepreneurial orientation based on the balanced scorecard model at the Tax Administration office of Isfahan Province. Their findings indicated that human resources strategies had a very moderate effect on the organizational performance with the mediating role of entrepreneurial orientation in all aspects of the balanced scorecard model. Further, in an analysis of the relationship between HRM strategic management and corporate performance through primary and secondary tests, Ismail Zadeh and Afjeh (2009) found that companies pursuing their strategic HR management activities based on superior attitude outperform the traditional companies. In a research entitled "The Impact of human resources functions on performance through intermediary variables, knowledge management, organizational culture and organizational innovation using structural equation approach", Al-Bahosseini and Al-Qarahi (2013) concluded that human resource functions have direct and indirect effects on the performance of the studied organizations through intermediary variables. Furthermore, in another study by Ozlane (2009) entitled as "Human Resource



Actions and Organizational Performance: Motives as Moderators", it was shown that information technology and training have a direct impact on organizational performance. It has also been shown that motivation is positively related to organizational performance; however, it did not modulate the relationship between two human resource activity and organizational performance. In another study by Collings and Mellahi (2009) entitled as "Strategic talent management" is a development of a clear and concise definition of strategic talent management as an agenda for the research and review of the present paper. They also offered a theoretical model of strategic talent management and designed a number of discreet literature bases in order to draw some insights from the model. Therefore, the results of this paper can contribute to future talent management research. Chang and Hang (2009) also investigated the relationship between strategic human resource management and corporate performance with the mediating role of entrepreneurship ". The results of this research indicated that the strategic HRM has a significant impact on the growth and improvement of the company's performance with the mediating role of entrepreneurship, and that none of the strategic and traditional HRM methods are superior to each other. Additionally, in his research entitled as Impact of knowledge management on innovation and performance of the company in Taiwan, Liao et al. (2007) concluded that knowledge management can lead to innovation through the ability to create, share, and apply knowledge, and in turn, innovation has a positive impact on corporate performance through speed and quantity. Since strategic human resource management and entrepreneurial orientation are of great importance in improving company performance, this paper attempts to analyze the capabilities of the organization in increasing and improving performance from the perspective of financial and human dimensions. The general research model (Figure 1) has been illustrated in accordance with the descriptions given in the theoretical framework section and the summing up of the status of independent and dependent variables.

This model has been developed based on the model used in the study by Coole et al. (2016). Based on this model, "Strategic human resource management" is an independent variable, and "entrepreneurial orientation" is an intermediary variable. In addition, "corporate finance performance" and "personnel performance" have been considered as the dependent variables.



**Figure 1. Conceptual model of research**

The following hypotheses have been proposed based on the conceptual model of research:



1. Strategic human resources management has a positive impact on the company's financial performance with the mediating role of entrepreneurial orientation at ALBORZ corporation.
2. Strategic human resource management has a positive impact on human resource performance with the mediating role of entrepreneurship orientation at ALBORZ corporation.
3. Strategic human resource management has a positive impact on the entrepreneurial orientation at ALBORZ corporation.
4. Entrepreneurial orientation has a positive impact on the financial performance at ALBORZ corporation.
5. Entrepreneurial orientation has a positive impact on the manpower performance at ALBORZ corporation.

## METHOD

The purpose of the study is to investigate the effect of strategic human resources management on the financial performance of the company and personnel with the mediating role of entrepreneurial orientation. According to the research objectives, this research is an applied research because of the special place used for the research (ALBORZ corporation). This is a descriptive study from the survey branch based on the data collection method. The study population consisted of all managers and experts working at ALBORZ corporation, Tehran, Iran. According to statistics from HR department of the company, a total of 504 employees are working in the company, among which 218 employees hold positions as specialist or manager. It should be noted that in structural equation modeling, the emphasis is always on the assumption that a typical sample size in studies where SEM is used is about 200 cases (Kline, 2011; Habibi and Adnpoor, 2017). Therefore, the census method was used for sampling and 218 managers and experts were selected as statistical sample. Finally, 205 questionnaires were fully and accurately completed by the participants. Methods for gathering data were classified into two library and field study categories. In addition, library and field study methods have been used to gather theoretical foundations and research background, as well as to test the research hypotheses, respectively. The standard questionnaire was also used to collect the initial data. The questionnaire consisted of 4 main dimensions and 40 specialized items. Further, four general questions included gender, age, educational level, and work experience.

**Table 1. Dimensions and items of the questionnaire**

(Dimensions) (Factors)	Number of items	Number of questions
Strategic human resource management	14	1-14
Entrepreneurial orientation	8	15-22
Personnel performance	12	23-34
Financial performance	6	35-40
Total questionnaire	40	1-40

The first strategic human resource management questionnaire has been prepared based on the standard questionnaire developed by Chang and Hoang (2005), which consists of items 1 - 12. The second entrepreneurship orientation questionnaire was also prepared based on the

standard questionnaire developed by Chopani (2010), consisting of items 15 - 22. The third personnel performance questionnaire was prepared based on the standard questionnaire developed by Hersey and Goldsmith (1980), consisting of items 23 - 34. And the fourth company's financial performance questionnaire was prepared based on the standard questionnaire developed by Qaranfelleh et al. (2014), consisting of items 35 - 40. Meanwhile, content validity and construct validity have been utilized to analyze the validity of the questionnaire. To assess content validity, the questionnaires were given to the supervisors and counselors so that they can freely express their opinions on the individual items of the questionnaire and they confirmed the validity of the questionnaire. In addition, the confirmatory factor analysis has been used for investigating construct validity, the results of which have been shown in Chapter 4. The reliability of the questionnaire was measured through Cronbach's alpha coefficient. Therefore, a Cronbach's alpha coefficient of greater than 0.7 is considered acceptable. The Cronbach's alpha coefficient of items was calculated through distributing 25 questionnaires in a preliminary study. Based on the results, the reliability of the questionnaire was 0.848, with a Cronbach's alpha of 0.7, indicating an acceptable level of reliability.

**Table 2. Cronbach's Alpha coefficient for dimensions and questionnaire**

(Dimensions) (Factors)	Number of items	Cronbach's alpha
Strategic human resource management	14	0.780
Entrepreneurial orientation	8	0.719
Personnel performance	12	0.707
Financial performance	6	0.731
Total questionnaire	40	0.804



Moreover, descriptive statistics (frequency distribution, percentage, mean) and inferential statistics (regression and structural equations) were used to analyze the data and to test hypotheses and research questions, respectively. All collected data were analyzed using LASER statistical software. Cronbach's alpha was also used to determine the reliability of the questionnaire.

## **DATA ANALYSIS**

First, descriptive statistics were used to examine the demographic characteristics of the sample. A total of 205 respondents participated in the study. Of these respondents, 161 (80%) were male and 44 were female. Thirty-nine respondents aged less than 30 years old, 62 between 30- to 40-year-olds, 47 between 40- to 50-year-olds, and 57 respondents aged years 50 or older. The age variable had the highest frequency among the other variables. In terms of academic degree, the majority of respondents (N =125) had bachelor's degree, 61 had master's degree and 19 had doctoral degree. In addition, the dispersion of work experience among the respondents was the same in terms of work experience, and almost every category makes up one quarter of the sample size. Most survey respondents (N=59) had more than 15 years of work experience, 52 had 10 - 15 years of work experience, 47 had 5 - 10 years of work experience, and 47 less than 5 years. Further, the central parameters (mean, moderate, and

mode) and dispersion parameters (standard deviation, variance, and range) were used to descriptively analyze the data. The results have been presented in Table 3.

**Table 3. Descriptive analysis of research variables**

Research variables	Number	Mean	Minimum	Maximum	Range	Standard deviation
Strategic human resource management	205	3.772	5.000	5.000	2.250	0.425
Entrepreneurial orientation	205	3.770	5.000	5.000	2.875	0.476
Personnel performance	205	3.444	4.583	4.583	2.000	0.414
Financial performance	205	3.760	5.000	5.000	3.000	0.498

Based on the results presented in Table 3, a set of 205 valid data have been gathered for the research variables. Additionally, the range between the set of data is low and below 3. Personnel performance has the smallest range and the standard deviation of financial performance is greater than other variables, showing high dispersion among the respondents. The median and mode central parameters reveal that the majority of respondents have chosen the median (3) and high (4) options and the mean number ranges between the median (3.5) and high (4). Human resource management has the highest average among the research variables. Furthermore, before selecting the statistical test, the Kolmogorov–Smirnov test and skewness and kurtosis measures were used to determine the normality of the data. The Kolmogorov–Smirnov test is measured at a 5% error level. Therefore, if the significance level is greater than or equal to 0.05, the data are normally distributed. On the other hand, if the values of kurtosis and skewness are between -2 to +2, the data are normally distributed. The results of data normality have been displayed in Table 4.

**Table 4: Data normality test**

Research variables	Number	Skewness	Kurtosis	Kolmogorov–Smirnov Test	Significance level
Strategic human resource management	205	-0.21.0	0.112	0.88.1	0.188
Entrepreneurial orientation	205	-0.730	2.065	1.167	0.067
Personnel performance	205	0.126	-0.539	1.408	0.074
Financial performance	205	-0.761	547.2	1.072	0.136

As shown in Table 4, all values of kurtosis and skewness in all variables of research are in acceptable range. Moreover, the significance level of K-S statistics in all studied variables was calculated to be greater than 0.05. Therefore, the data are normally distributed and parametric tests can be used to analyze the data. Testing of research hypotheses entails measuring the variables. The current study used a questionnaire tool for measuring the variables. Therefore, the validity of the questionnaire should be firstly checked through the confirmatory factor analysis. Assessing the validity of the questionnaire is performed using a confirmatory factor analysis, which is known as "construct validity". The confirmatory factor analysis assesses the relationship between items and constructs.

Three basic points must be considered in factor analysis and structural modeling:

- The power of the relationship between the factor (latent variable) and observed variable is represented by factor loadings. Loadings range from -1 to 1. If the factor loading is less than 0.3, the relationship is weak and we should omit the factor.

The acceptable range for factor loading is between 0.3 and 0.6 and the factor loading greater than 0.6 is very acceptable and ideal.

- In some references, the minimum acceptable value for factor loading has been reported 0.2.
- However, t statistic is the main criterion for judgment. If the test statistic (t-value) is more than the critical value of t0.05 (1,96), therefore, the observed load factor is significant.
- Finally, a goodness-of-fit test must be performed. Goodness-of-fit indicators are used to determine the validity of designed models. There are several indicators to measure the goodness of fitness in model; however, three or five indicators are often sufficient.

**Table 5. Summary of adjusted goodness of fit index (adapted from Schumaker and Lomax, 2010)**

Fit index	$\frac{\chi^2}{df}$	SRMR	RMSEA	GFI	AGFI	NFI	NNFI	IFI
Adjusted goodness	1-5	<0.05	<0.05	>0.9	>0.9	>0.9	>0.9	0 - 1

(Habibi and Adanvar, 2017)

A questionnaire was used to measure the research variables. This questionnaire consisted of 4 main factors (latent variable) and 40 items (observed variables). Each of these variables have been represented using the indices Q\_01 to Q\_40. In order to analyze the research hypotheses based on this scale, the validity of the scale should be first confirmed. Therefore, we used the confirmatory factor analysis to measure the relationship between latent variables and their measurement items.



**Table 6. Distribution of questions and items used to measure constructs and research variables**

Dimensions (Factors)	Symbol	Number of items	Number of questions	Cronbach's alpha
Strategic human resource management	SHRM	14	1-14	0.780
Entrepreneurial orientation	Entrepre	8	15-22	0.719
Personnel performance	JPerf	12	23-34	0.707
Financial performance	FPerf	6	35-40	0.731
Total questionnaire		40	1-40	0.804

The results of confirmatory factor analysis indicated that the factor load in all variables was greater than 0.3, showing that the correlation between the latent variables and observed variables is acceptable. The t-value is greater than 1.96 suggests a significant correlation among the study variables. The next step is to analyze the goodness of fit of a statistical model. The normal chi square has been calculated 1.88. The RMSEA and SRMR I indices are 0,030 and 0.032, respectively, suggesting the fitness of the model.

$$\chi^2/df = \frac{424.92}{224} = 1.88; \text{RMSEA} = 0.030; \text{GFI} = 0.96; \text{NFI} = 0.96; \text{SRMR} = 0.037$$

The results of the hypothesis testing using the structural equation modeling have been presented in Fig. 2.

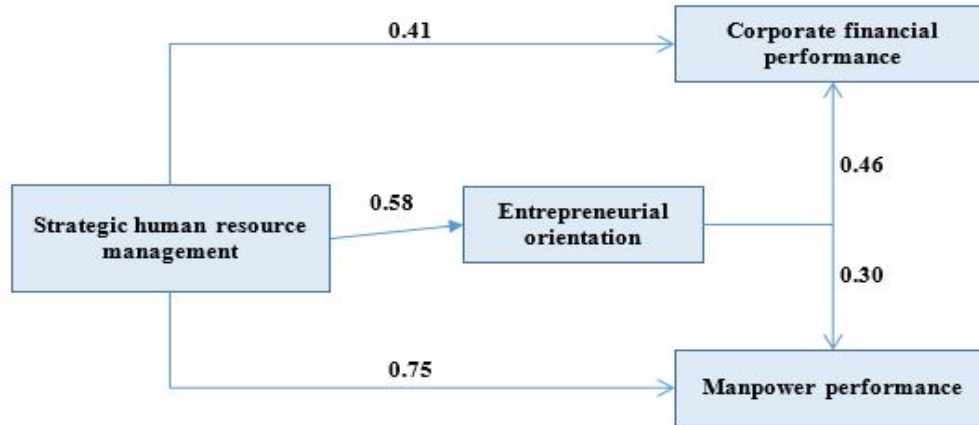


Figure 2. Testing of research hypotheses (standard estimation)

**Sub-hypothesis 1:** Strategic human resource management has an impact on the entrepreneurial orientation.

The standardized factor loading for the impact of strategic HRM on the entrepreneurial orientation has been calculated to be 0.58. The t-value (or statistic) has been also calculated 6.32, which is greater than 1.96, suggesting a significant correlation among the study variables. Therefore, it can be said that strategic HR management has a positive and significant impact on entrepreneurial orientation with a 95% confidence level.

**Sub-hypothesis 2:** The entrepreneurial orientation has an impact on the financial performance. The standardized factor loading for the impact of entrepreneurial orientation on the financial performance has been calculated to be 0.46. The t-value (or statistic) has been also calculated 4.80., which is greater than 1.96, suggesting a significant correlation among the study variables. Therefore, it can be said that the personnel performance has a positive and significant impact on the financial performance at ALBORZ corporation with a 95% confidence level.

**Sub-hypothesis 3:** The entrepreneurial orientation has an impact on the personnel performance.

The standardized factor loading for the impact of entrepreneurial orientation on the financial performance has been calculated to be 0.30. The t-value (or statistic) has been also calculated 2.28, which is greater than 1.96, suggesting no significant correlation among the variables. Therefore, it can be said that the entrepreneurial orientation has a positive impact on the personnel performance with a 95% confidence level at ALBORZ corporation.

In the main hypotheses of the research, the focus has been on the mediating role of "entrepreneurial orientation." In general, if X represents the independent variable, Y represents the dependent variable, and M is the mediator; the mediator M is a variable that indirectly affects the direction and intensity of the independent variable X on the dependent variable Y.

To analyze the mediation effect, it is necessary to make a distinction between the direct and indirect effects:

Direct Effect: Impact of an independent variable on the independent variable

Indirect effect: Impact of independent variable on the dependent through the mediator variable

Total effect: direct effect + indirect effect

The summary of the results of the analysis of the relationship among the research variables has been shown in Table 7.

**Table 7: Summary of the results of the analysis of the relationship among the research variables**

Variables	Standardized factor loading	t -statistics
Strategic human resource management and entrepreneurial orientation	0.58	6.32
Strategic human resource management and personnel performance	0.75	9.97
Strategic human resource management and financial performance	0.41	3.70
Entrepreneurial orientation and personnel performance	0.30	2.28
Entrepreneurial orientation and financial performance	0.46	4.80

**First main hypothesis 1:** Strategic human resource management has a positive impact on the corporate financial performance with the mediating role of entrepreneurial orientation at ALBORZ corporation.

The direct impact of human resources strategic management on the financial performance is 0.41. In addition, the impact of strategic management on the entrepreneurial orientation is 0.58 and the impact of entrepreneurial orientation on the financial performance is 46.5 as well. Thus, the total effect of the strategic human resource management on manpower performance with the mediating role of entrepreneurship orientation at ALBORZ corporation is as follows:

$$\text{Total effect} = 0.41 + (0.58 \times 0.46) = 0.68$$

Therefore, the first main hypothesis is confirmed.

**Second main hypothesis:** Strategic human resource management has a positive impact on the manpower performance with the mediating role of entrepreneurial orientation at ALBORZ corporation.

The direct impact of strategic human resource management on the personnel performance is 0.75. In addition, the impact of strategic management on the entrepreneurial orientation is 0.58 and the impact of entrepreneurial orientation on the personnel performance is 0.30 as well. Thus, the total effect of the strategic human resource management on the manpower performance with the mediating role of entrepreneurship orientation at ALBORZ corporation is as follows:

$$\text{Total effect} = 0.75 + (0.58 \times 0.30) = 0.92$$

Therefore, the second main hypothesis 2 is confirmed.

A summary of the results of the analysis of the direct relationship among the research variables has been shown in Table 8.

**Table 8. Summary of direct impact effects of model variables**

Independent variable	Mediator variable	Dependent variable	Direct effect	Indirect effect	Total effect	T statistics
Strategic human resource management	Entrepreneurship orientation	Financial performance	0.41	0.27	0.68	3.70
		Personnel performance	0.75	0.17	0.92	9.97



The normal chi square value has been calculated 1.74, which is less than 2. The RMSEA and SRMR indices are 0,038 and 0.034, respectively. Meanwhile, GFI, AGFI and NFI indices are also within an acceptable range of 0.9.

$$\frac{\chi^2}{df} = \frac{1279.58}{735} = 1.74$$

**Table 9. Goodness-of-fit indices for the structural model of the main research hypothesis**

Fit index	$\frac{\chi^2}{df}$	SRMR	RMSEA	GFI	AGFI	NFI	NNFI	IFI
Acceptable values	<2	<0.05	<0.1	>0.9	>0.9	>0.9	>0.9	0 - 1
Calculated values	1.74	.0034	.0038	.094	.094	.091	.094	.092

Independent t-test and analysis of variance were used to analyze the difference of opinion among the respondents based on their general characteristics. Since there are two levels for gender, independent t-test was utilized to analyze the differences of opinion among male and female respondents with 5% error level. First, it should be determined that the variance of the two groups is the same. The Levene's test output (assumption of homogeneity of variance) shows that the assumption of homogeneity of variance is not violated. The results did not show a significant difference between the mean differences of opinion for both men and women.

This means that the results can be generalized to all people, including both men and women. The respondents are divided into more than two categories in terms of age, education, and work experience. Therefore, analysis of variance was used to compare differences of opinion among the respondents. The difference of opinion among the respondents based on age and work experience reveals that the significance level of all cases was above the error level ( $\alpha = 0.05$ ). Thus, it can be said that age difference and work experience have no impact on the individual's viewpoints. Taken together, the results emphasize that the viewpoints of individuals are not affected by the demographic variables.

## CONCLUSIONS AND SUGGESTIONS

There is no doubt that the success and survival of any organization depends on its successful performance in today's competitive environment. Organizational performance can be tracked through monitoring the workforce performance and financial performance. Performance appraisal has long been recognized as the most important tool of organizations to assess their staff performance; however, in recent years, there has been a shift in focus from performance management to human resources management and this strategic and long-term approach has drawn the attention of organizations. Many organizations today use the principles, dimensions, and styles of strategic human resource management and move towards to implement them within the organization. Furthermore, ensuring the continuity and future success of the business requires innovation inside an organization. According to the results, strategic human resource management has a positive impact on the corporate financial performance with the mediating role of entrepreneurship at ALBORZ corporation. Therefore, it is recommended to managers of ALBORZ corporation to improve the company's financial growth by expanding the use of entrepreneurship as a factor affecting the company's output. In addition, they can take advantage of entrepreneurship as a way to gain competitive advantage in the long run

and are able to achieve their long-term goals through profitable financial planning along with entrepreneurship. Further, they should be able to effectively and appropriately manage strategic human resource management based on the company's financial performance. By relying on new techniques, the company can respond appropriately and quickly to the unstable environment and synchronizes its human resources to gain competitive advantage.

The findings of the study also demonstrated that human resources strategic management has a positive impact on the corporate's manpower performance with the mediating role of entrepreneurship orientation at ALBORZ corporation. This finding suggests that employees should extensively ascertain their approach and process with their strategic planning in order to improve and maintain it. Strategic management planning should address the relationship between management and pay special attention to human capitals. The managers of ALBORZ corporation can take some effective measures to reach their set objectives by taking advantage of foresight, innovation and organized transformation. The use and promotion of an entrepreneurial approach can also help them increase the effectiveness of these important elements within the organization. Organizational entrepreneurship should involve learning and being nurtured through cooperation, creativity and individual's commitment. Therefore, in order to elaborate the role of HRM in empowering the organization, it is necessary to make sustained efforts to undertake entrepreneurial activities. It is also recommended to managers to use basic and important management principles such as taking advantage of their own abilities, the ability to adapt appropriately to changes, creating a coherent and targeted management structure, continuous improvement of critical capabilities, and appropriate behavior with employees at ALBORZ corporation within an appropriate time period.

#### ***Limitations and recommendations for further research work***

Since each organization has its own unique culture and atmosphere, the findings of this study cannot be easily applied to any other organization. This study was conducted as a case study at ALBORZ corporation. It is recommended that further research be undertaken in industrial context using a conceptual model and present a general model for the industry.

In addition, this study analyzed the impact of strategic human resource management on the firm's performance from a financial and human perspective. It would be interesting to assess the organizational performance from marketing or social responsibility perspectives and address the association between financial performance and manpower performance. Future work need to further develop the conceptual model used for the current research. 3- This study identified several items for measuring each of the main research constructs; thus, it is suggested to prioritize each of these items using multi-criteria decision-making techniques.

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Appendix: Output of Structural Equation Modeling

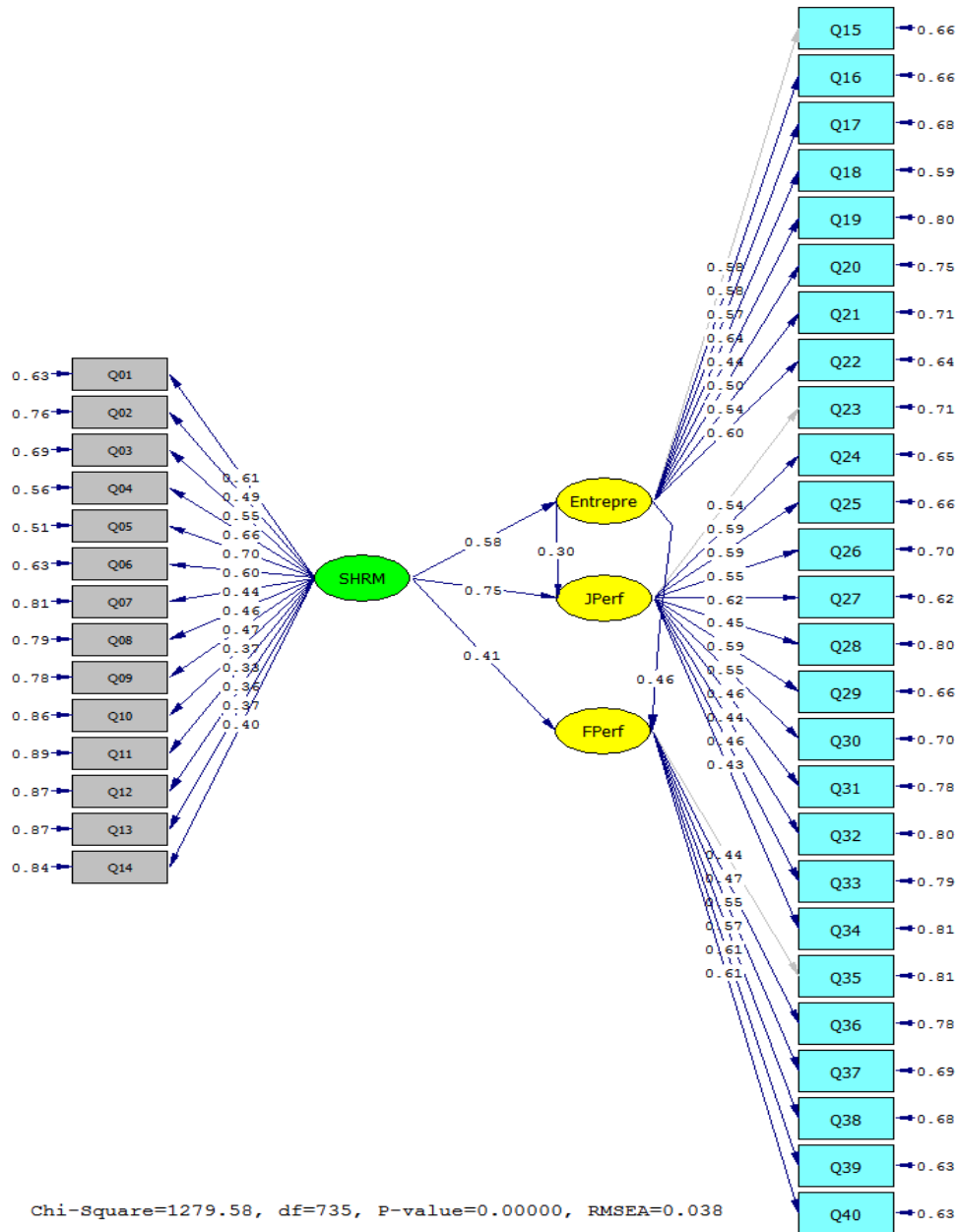


Figure 3. Testing of research hypotheses (standard estimation)



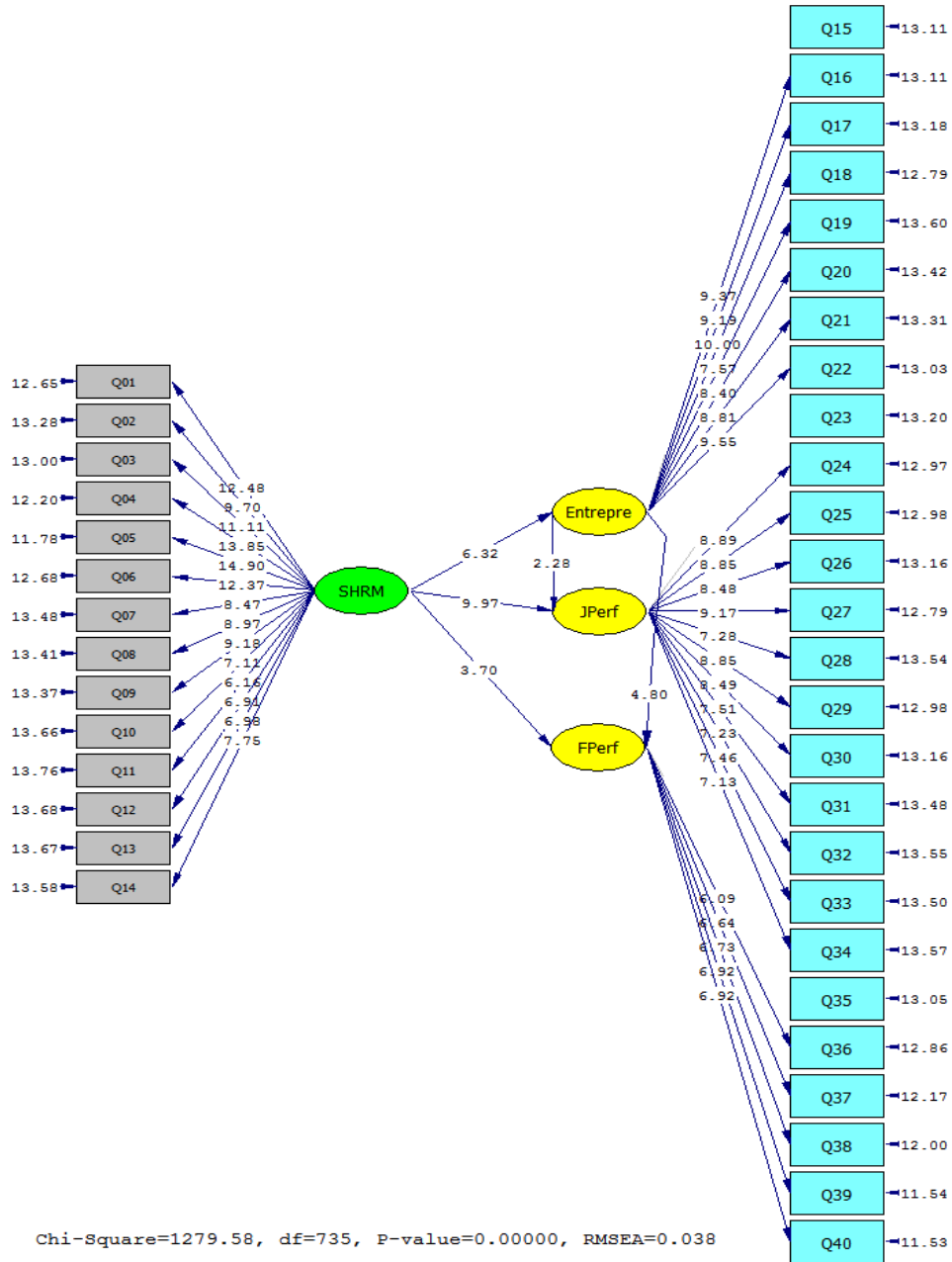


Figure 4. Testing of research hypotheses (t-value statistics)