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# **SUPPORTING THE A&E BUSINESS COUNCIL IN DEVELOPING HR FRAMEWORK**

Final Report

June 27, 2010

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# **SUPPORTING THE A&E BUSINESS COUNCIL IN DEVELOPING HR FRAMEWORK**

FINAL REPORT

USAID JORDAN ECONOMIC DEVELOPMENT PROGRAM

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USAID/JORDAN ECONOMIC OPPORTUNITIES OFFICE  
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## EXECUTIVE SUMMARY

The project goal is to assist the Architecture and Engineering (A&E) Sector to play a key role in the overall Economic Development of Jordan through improving the efficiency and effectiveness of the human resources management practices for the A&E Business Council members.

The main objectives of the project are:

- Improve HR systems, processes, and practices of A&E firms.
- Improve ability to attract, retain, and motivate good employees.
- Provide better understanding of HR related actions needed mostly in times of economic slowdown.

It is expected that the above objectives will lead to improved efficiency and productivity of A&E targeted firms, which is expected to reflect on their revenues, exports and ability to attract and retain good employees.

In order to achieve the above objects, the consulting teams in cooperation with Jordan USAID Development Program (SABEQ) team and A&E Business Council developed an HR Audit Tool to diagnose the existing HR policies and practices for the participating A&E Business Council members.

The survey focused on the following HR policies and practices:

- HR Strategy and Organization
- Performance Appraisal
- Recruitment and Selection
- Training and Development
- Succession Planning
- Human Resources Planning
- Compensation and Benefits
- Personal
- Legal
- Health and Safety
- Employee Handbook

An electronic version of the survey tool was used and was accessible to all A&E Business Council members, 18 firms participated in the survey.

Descriptive statistical technique, mainly response percent, was applied to classify and describe the data related to firms. The results of analysis identified areas for improvements of the HR functions.

Based on the analysis, five HR manuals were developed to address the priorities of the participating firms as indicated by the audit results.

A workshop of four days was designed and implemented for the A&E Business Council members. Top managers and HR directors representing the 18 firms attended the workshop. The main objective of the workshop was to explain the components of the manuals and set best strategies to implement these manuals.

Afterwards, 10 A&E firms were selected based on agreed upon criteria to participate in one-to-one coaching sessions by the Consultants to support the firms in the implementation of the manuals. Two on-the-job coaching sessions for each of the ten firms were conducted. The coaching session focused mainly on meeting with the top management, finding out gaps in HR practices, and helping HR directors to set action plans for improvements.

## **CHAPTER ONE**

### **PROJECT OBJECTIVES AND METHODOLOGY**

#### **1.0 INTRODUCTION**

The Architecture and Engineering sector is one of the key sectors of the Jordanian economy that SABEQ envisions will be a major contributor to increased exports and economic expansion. Although relatively mature, the A&E sector requires further assistance in order to play the key role we envision it can in Jordan.

The A&E sector, represented by the A&E Business Council recognizes that its member firms need to go through HR functions audit through which the human resource management capacities, policies, procedures and practices are examined, in order to determine their effectiveness. Improvement of such HR systems, processes and practices in the A&E firms will undoubtedly enhance firms' ability to compete in local and global markets through improving the ability to attract, retain, develop, and motivate good employees.

#### **1.2 PROJECT OBJECTIVES**

The project aimed at achieving the following main results:

- Improve HR systems, processes and practices
- Improve ability to attract, retain, improve and motivate good employees
- Provide better understanding of needed HR related actions in times of economic slowdown
- Improve the efficiency and productivity of A&E targeted firms

#### **1.3 METHODOLOGY**

##### **1.3.1 INVOLVEMENT AND PARTICIPATION**

All A&E firm participated in this project. Ten of them were involved in the coaching sessions. These firms have been chosen by A&E Business council according to objective criteria.

In order to have a high level of effectiveness in managing the project, the consulting did the following:

- Ensured full participation of A&E Business council
- Gathered needed information on A&E Business council and identified counterparts
- Prepared introduction session to A&E Business council and firms on HR functions audit that they will be going through
- Conducted training and coaching sessions for the A&E firms
- Involved top management as well as HR managers in training workshops and coaching

##### **1.3.2 STUDY PHASES**

The study composed of the following four phases:

### **1.3.2.1 The Preparatory Phase.**

- Review relevant material and reports
- Gather information on firms and identify counterparts
- Prepare for the introductory session to A&E Business Council and firms on HR functions audit they were going through
- Conduct a session with the A&E Business Council to explain the HR functions audit process and purpose

### **1.3.2.2 Developing HR Audit tool**

A baseline survey of the HR functions, processes and measures was developed. The audit tool aimed at achieving the following objectives:

- Ensures effective utilization of human resources
- Determines management support to HR
- Assess of the consistency of implementation of HR policies and procedures in the organization
- Assess the quality of HR practices
- Determine HR department contribution towards the organization
- Find out problems and suggest solutions

The tool included the following main areas:

- Firm Background
- HR Strategy and Organization
- Performance Appraisal
- Recruitment and Selection
- Training and Development
- Succession Planning
- Human Resources Planning
- Compensation and Benefits
- Personnel
- Legal
- Health and Safety
- Opinions
- Employee Handbook

The HR audit tool was a web-based survey. All A&E firms have filled the survey. Consultants have carried out analysis of the survey results.

### **1.3.2.3 Developing HR manuals**

Based on the audit tool analysis, consultants recommended the need to improve HR practices through developing the following five manuals (major finding of the recommended areas will be discussed in chapter two):

- HR strategy and organization
- Performance appraisal
- Recruitment and selection
- Training and development
- Succession planning

Manuals have been developed by ZweigWhite consulting firm and reviewed by local consultants.

#### **1.3.2.4 Training and Coaching**

In order to ensure proper implementation of the manuals, training workshop for four days have been conducted for 18 A&E firms. Top management and HR managers representing these firms have attended. The objectives of the workshop were to explain the components of the manuals and set best strategies to implement these manuals.

Consequently, the consultants carried out a two day-coaching session for the ten targeted firms that were selected by A&E Business Council.

The following firms were selected to take part in the coaching sessions :

1. Archisys.
2. Darb.
3. Engicon.
4. Sigma.
5. Faris and Faris.
6. ACEPO.
7. Arabtech-Jordan.
8. ACE.
9. ACES.
10. Faris Biqa'een.

Both HR managers and top management were involved in these sessions. The objectives of the coaching session were:

- Meet with top management to discuss and explain importance of HR
- Meet with HR department and discuss all HR practices
- Review firm's HR processes, procedures and forms
- Discuss gaps in HR practices with HR management
- Suggest and recommend initiatives to improve the HR processes
- Set and agree with HR manager action plan
- Assisting A&E Business Council members in developing a post implementation and monitoring tool



## **CHAPTER TWO**

### **FINDINGS AND RECOMMENDATIONS**

#### **2.1 HR AUDIT TOOL DESIGN**

In order to achieve the objectives of the project in improving HR system, processes and practices of A&E firms; the consulting teams in cooperation with SABEQ project team and A&E Business council have developed an HR Audit tool to diagnose the existing HR policies and practices.

The HR Audit tool was based on a survey that focused on the following HR policies and practices:

- HR Strategy and Organization
- Performance Appraisal
- Recruitment and Selection
- Training and Development
- Succession Planning
- Human Resources Planning
- Compensation and Benefits
- Personnel
- Legal
- Health and Safety
- Employee Handbook

#### **2.2 FINDINGS**

Descriptive statistical technique; mainly response percent; were applied to classify and to describe the data related to the actual HR practices in the targeted firms.

The results of analysis revealed the following findings:

##### **2.2.1 HR STRATEGY AND ORGANIZATION**

- Firms have no documented HR policies and practices
- Firms were not able to provide HR departments with capable and sufficient employees
- HR managers in many cases report to lower level in the organizational structure
- Half of the firms have no published job descriptions
- Firms lack written code of ethics
- Majority of firms do not utilize HRIS

### **2.2.2 PERFORMANCE APPRAISAL**

- Firms have no documented performance appraisal policies and practices
- Performance appraisal is not conducted to all employees
- Competencies and SMART objectives are not appropriately used
- Majority of firms use same performance appraisal format for all positions

### **2.2.3 RECRUITMENT AND SELECTION**

- Firms have no documented Recruitment and Selection policies and practices
- Significant percentage of firms do not consider competences in the selection process
- High percentages of firms do not compensate employees for referring candidate
- Relatively high percent of firms do not conduct exit interview
- Turnover rate is quite high for the majority of firms

### **2.2.4 TRAINING AND DEVELOPMENT**

- Firms have no documented Training and Development policies and practices
- Majority of firms lack orientation program for their newly hired employees
- Some firms do not use formal and effective techniques to determine training needs for their employees
- Few firms reported to have formal mentoring or coaching program
- Firms need to improve their Investment in training and development

### **2.2.5 SUCCESSION PLANNING**

- Firms have no documented Succession Planning policies and practices
- Majority of firms do not identify critical and important positions in the succession planning process
- Most firms do not identify potential successors for critical and important positions.
- Most of the participating firms have no formal training and development plans for the potential successors
- High percentage of potential successors does not participate in setting their training and development plans

### **2.2.6 HUMAN RESOURCE PLANNING**

- Firms have no documented Human Resource Planning policies and practices
- High percentage of firms hire on immediate needs without HR planning
- HR departments play minor role in human resource planning process
- Judgmental methods are mostly used in identifying expected employees movements
- Planning as a business practice is not officially recognized by most firms

### **2.2.7 COMPENSATION AND BENEFITS**

- Firm reported to have clearly defined and documented policies and procedures regarding compensation and benefits
- Respondents are satisfied with compensation strategy, feel that compensation and benefits either aligned or higher than rates in the market
- Most of the firms provide cost of living increase and consider performance result when setting those increases
- Management (firm owners) intervene in most HR practices concerning compensation and benefits

### **2.2.8 PERSONNEL**

- Firms have documented Personnel policies and practices
- High turnover rate is one of the main challenges facing firms
- Very few firms conduct employee satisfaction survey
- Formal process for managing grievances does not almost exist

### **2.2.9 PERSONNEL**

Results showed that firms have no apparent challenges and disputes in the legal area.

### **2.2.10 HEALTH AND SAFETY**

- Number of accidents during the years 2008 and 2009 is fairly accepted
- All firms have reported no fatal accidents
- Year 2009 has witnessed an increase in the lost time due to all accidents

### **2.2.11 EMPLOYEE HANDBOOK**

- Large percentage of firms have not published employee handbook
- Communication of handbooks to employees was adequate
- Policies, procedure and guidelines included in the handbooks were not sufficient

## **2.3 RECOMMENDATIONS**

Based on the above finding, the consulting team recommended the following major areas of HR improvements:

### **2.3.1 HR STRATEGY AND ORGANIZATION**

- Document all HR policies and practices
- Set and communicate HR strategy
- Review organizational structures so as to reflect the importance of the HR director equivalent's role in the company
- Staff HR department with professional employees and provide its management with the required support
- Involve HR directors in the business planning process

- Publish job descriptions for all positions and ensure their accessibility to employees at all times
- Write and communicate code of ethics
- Install and utilize Human Resource Information System (HRIS).

### **2.3.2 PERFORMANCE APPRAISAL**

- Set performance expectations for all employees
- Develop performance appraisal process
- Apply competency-based performance appraisal and smart objectives
- Improve HR role in the performance appraisal process particularly in the administration and the facilitation roles

### **2.3.3 RECRUITMENT AND SELECTION**

- Consider competencies in the selection and reviewing process
- Use multiple tools in the screening process
- Compensate employees for nominating good candidates
- Conduct exit interviews as means to improve policies
- Measure and track employee turnover

### **2.3.4 TRAINING AND DEVELOPMENT**

- Design and implement formal orientation program for newly hired employees
- Design and implement formal process for career planning
- Set training plans based on training needs analysis
- Use different techniques to assess training needs
- Give all employees the chance to participate in training workshops
- Evaluate the effectiveness of training based on Kirk Patrick Model of training evaluation
- Establish formal mentoring and coaching programs
- Improve firms investment in training and development

### **2.3.5 SUCCESSION PLANNING**

- Identify critical and important positions in the company
- Identify potential successors for critical and important positions
- Prepare the Succession to assume critical position through deliberate and planning efforts
- Improve HR role in the succession planning process

### **2.3.6 HUMAN RESOURCE PLANNING**

- Establish clear and formal human resources planning process
- Use statistical as well as judgmental methods to analyze employees' files and information to determine expected movement of employees
- Improve HR role in the human resources planning process

### **2.3.7 PERSONNEL**

- Conduct employee satisfaction survey at least annually
- Set formal process for managing grievances

### **2.3.8 EMPLOYEE HANDBOOK**

- Publish and communicating employee handbook
- Include all HR policies, procedures and guidelines in the handbook

A complete analysis document was developed and submitted to USAID-SABEQ program. The analysis included all the areas listed above.

### **3.0 APPENDICES**

**APPENDIX A: WORKSHOP SCHEDULE (16-19 MAY 2010).**

**APPENDIX B: PERFORMANCE APPRAISALS (INCLUDED AS A SEPARATE FILE).**

**APPENDIX C: HUMAN RESOURCE STRATEGY AND ORGANIZATION (INCLUDED AS A SEPARATE FILE).**

**APPENDIX D: RECRUITMENT AND SELECTION AND SUCCESSION PLANNING (INCLUDED AS A SEPARATE FILE).**

## APPENDIX A: WORKSHOP SCHEDULE (16-19 MAY 2010)

### Best Practices in Human Resources Management for A&E firms

Activities	Facilitator	Date	Time
Opening Ceremony	SABEQ	May 16	9: 00 - 9: 15
Workshop Objectives	A&E Business Council		
HR Strategy and Objectives	Mutaz Assaf		9: 15 - 11: 00
Coffee Break			11: 00 - 11: 30
HR Strategy and Objectives (Cont.)	Mutaz Assaf		11: 30 - 1: 00
Recruitment and Selection	Dr. Mohammad Ta'amneh	May 17	9: 00 - 11: 00
Coffee Break			11: 00 - 11: 30
Succession Planning	Dr. Mohammad Ta'amneh		11: 30 - 1: 00
Performance Appraisal	Dr. Mohammad Ta'amneh	May 18	9: 00 - 11: 00
Coffee Break			11: 00 - 11: 30
Performance Appraisal	Dr. Mohammad Ta'amneh		11: 30 - 1: 00
Training and Development	Mutaz Assaf	May 19	9: 00 - 11: 00
Coffee Break			11: 00 - 11: 30
Training and Development	Mutaz Assaf		11: 30 - 1: 00

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