

HUMAN RESOURCE STRATEGIC SYSTEMS AND EMPLOYEE PRODUCT OFFERING IN MANUFACTURING FIRMS IN RIVERS STATE

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ABSTRACT

This paper investigated the relationship between human resource strategic systems and employee product offering in manufacturing firms in Rivers State. The specific objectives of the study were to assess the relationship between human resource strategic systems and product offerings. Data was obtained from 82 respondents from the population of 22 manufacturing firms in Rivers State using the questionnaire instrument. The Spearman's rank order correlation tool was utilized in the test for the relationship between the tactical systems and the measures of organizational performance. Evidence revealed that there is a significant relationship between strategic systems and product. Based on this analysis, all previous hypotheses were rejected. In conclusion it was stated that the adoption and application of strategic systems in the functionality and processing of human resource activities drives organizational long-term goals and offers a repositioning of human resource functions and behaviour which enhances the product offerings of manufacturing firms in Rivers State

Keywords: Human Resource, Strategic systems, Employee product offerings,

INTRODUCTION

The dynamics and settings of the workplace today are such that require constant correspondence, coordination and monitoring of relations and actions. This is so because successful organizations are considered as being cohesive, and to build and grow effectively, organizations are expected to actively engage their human resources and as such align their operations accordingly (Armstrong, 2009; Dugguh, 2007). From this point of view, the performance of the organization to a large extent is hinged on the nature of control and coordination of its human resources. Organizations with efficient and effective monitoring and coordinative processes are deemed as having higher chances at reaching their organizational goals and objectives, thus placing an emphasis on the imperatives of such control systems and processes in the performance of the organization (Cole, 2002; Bratton & Gold, 2017). Organizational performance details the processes, features and outcomes of the organization that are considered as necessary for its survival and wellbeing. Azara, Syed and Muhammad (2013) described performing organizations as those organizations that utilize efficient means and which are also able to reach their expected ends within specified time frames. This conceptualization is shared by Upadhaya, Munir and Blount (2014) who described performing organizations as those organizations with the functional capacity to achieve their objectives in the manner that is expected of them. However, the conceptualization and operational definition of business performance amongst scholars is inconsistent and fluid especially when addressing organizations within dissimilar contexts and different industries (Ojua, 2016; Egbunike, Egolum, & Agwaramgbo, 2015). Nonetheless, a more pervasive description and one adopted by many scholars suggests that organizational performance is based on the comparison of its actual output with intended output; usually examined from the angle of its financial performance, product market performance or shareholders return (Richard, 2009). In their study Upadhaya et al (2014) argued that a more embracing approach towards organizational performance should capture the processes involved. According to him, the delusion of most

organizations today boils down to their poor utilization and inefficient management of resources. While such organizations may appear to achieve output expectations, they unfortunately operate below capacity and cannot be considered as optimal in their use of resources. This view is shared by Egbunike, Ijeoma and Ebubeogu (2015) who noted that the poor performance and failure of most organizations can be linked directly to their inability to harness and effectively apply their human resources. Zeb-Obipi (2015) in his own study noted that the management of workers' competencies and knowledge offer the organization a strong positioning within its market and drives its overall performance. This is as the performance of the organization is expected to begin with the functionality and efficient application of its resources in a manner that is consistent with its goals and expectations of output, quantity maximization and quality.

Research Hypotheses

The following hypothetical statements offer an operational but tentative position on the relationship between the variables of the study

HO₁: There is no significant relationship between strategic systems and product offering of manufacturing firms in Rivers State

Human Resources Strategic systems

The first dimension of human resource information systems examined herein is that which addressing functions or systems considered to be strategic in nature, such as personnel tracking, performance appraisal and sales forecasting. Personnel tracking is intended to identify the most qualified candidates, reduce paperwork, automate, manage workflows and tap into public to efficiently build your talent pool. It is also meant to monitor reports like time to fill a position and cost per hire with reporting capabilities that are tailored to organizational recruiting process. Besides it can enable candidates to search and apply for jobs online. personnel-tracking systems may also include many features and capabilities, such skill scanning and grading of capabilities, profiling of workers cost-analysis reports, personnel demographic and equal employment opportunity information.

Generally human resource information systems make provision for recording of details of recruitment activities such as cost, application tracking and evaluation, resume management, method of recruitment, interviewing and selection and time to fill the positions. In some African countries a handful of evaluation studies carried out reveal that the need for e-recruitment is vital to an organization efficiency and competitiveness in the growing global economy (Kananu, 2013). Kananu (2013) in a comparative assessment survey on the utilization of human resource information systems in Kenyan universities premises her observations on similar grounds and acknowledges that human resource information systems are to be commonly used for payroll and record management.

Besides, HRIS was also found to be used for recruitment, promotions and skills inventory. Kananu (2013) study as a result urged that the management of Kenyan public agencies should allocate adequate resources for the implementation and maintenance of the system. HR managers should play a proactive role to support HRIS implementation in their organizations. Again, her study advocated that since the public agencies in Kenya have adopted different types of Human Resource information systems, these systems needed to be integrated and exchange data in order to increase availability and readiness of information to support top management on decision making.

A survey by Blair *et al* (2009) on addressing problems of human resource information system within other African countries such as Swaziland, Uganda and Rwandan revealed that due to poor payroll management, newly recruited staff were often not paid for three to four months and in a few extreme cases staff were not paid for an entire year. Some retired staff died without receiving a pension. Several respondents noted that the process for identifying ghost workers-workers who remained on the payroll

but were no longer active in the workforce due to retirement, termination, death and the like and stopping their salaries often took an average of six months, with some cases taking nearly two years. As concerns compensation, for years, the purpose of the performance review has been to allocate annual salary increases. While this process has generally been handled manually, it also has seen a great deal of controversy and change. Compensation is truly the biggest driver of certain types of behaviour and works differently for various job groups. Incentive compensation is a great tool to drive sales and specific performance targets, whereas base compensation is a great tool for driving overall employee satisfaction and improving performance. What has been missing in all links from compensation to performance is measurement of year-over-year increases in performance and the impact that compensation has on performance.

Human resource information systems can be integrated to the ERP solutions, which can enable companies to enjoy the ultimate benefit of an all-in-one system that can decrease errors, lower cycle times, reduces turnaround time, and support management decisions. Performance management is an integral part of this capability and allows managers and employees to monitor, schedule and complete the review process on line. Again, advances in technology over the past decade make it possible to deploy performance management tools to the workforce, including employees, managers and executives, with little to no infrastructure or training.

Product offering:

Glen (2014) stated that the manufacturing sector is an ever-changing beast and every year, the industry is faced with fresh challenges. The author stated that virtually all media houses constantly report the closure of industrial units, labour disputes between employers and their employees or reductions in the labour force due to recession and other economic dynamics. As a result, the image of manufacturing industries has been marred by low wages, high labour turnover, inadequate working conditions, poor performance and productivity (Githinji, 2014).

Product offering relates more to the features of the product in terms of quality and output. This is as productivity on the other hand can be referred to as the quantity of work that is attained in a unit of time by means of the factors of production. These factors include technology, capital, entrepreneurship, land and labour. It is the link between inputs and outputs and increases when an increase in output occurs with a lesser than comparative increase in input. It also occurs when equal amount of output is generated using fewer inputs (ILO, 2005). Bhatti (2007) and Qureshi (2007) were of the perspective that productivity can be seen as a measure of performance that encompasses both efficiency and effectiveness. It can also be referred to as the ratio of output or production capacity of the workers in an organization. It is the correlation that exists between the quantity of inputs and outputs from a clearly defined process.

The performance of a business which determines its continued existence and development is largely dependent on the features of its product offering. Yesufu (2000) stated that the prosperity of a nation as well as social and economic welfare of its citizens is determined by the level of effectiveness and efficiency of its various sub components. Product offering is a measure that indicates how well essential resources are used to accomplish specified objectives in terms of quantity and quality within a given time frame. It is suitable when measuring the actual output produced compared to the input of resources, taking time into consideration. Hence, product offering ratios such as quality and output quantity indicate the extent at which organizational resources are effectively and efficiently used to produce desired outputs.

The resource-based view

The resource-based view theory focuses on the idea of resource endowment of the firm as sources of business returns and the means to achieve superior performance and competitive advantage (Caldeira

& Ward 2001; Koumaditis *et al.*, 2013). A firm can be understood as a collection of physical capital resources, human capital resources and organizational resources (Barney, 2001). The resource-based view theory has gained a wide acclaim and attracted a lot of research in the recent past (Helfat, 2000; Newbert, 2007; Koumaditis *et al.*, 2013) and looks at the firm in its resource base, one of which is its human resource.

Unique assets and resources of the firm have an effect on the organizational strategy and output (Barney, 1986; Penrose, 1959). This perspective is interesting, particularly because it has been revived recently with the popularity of the resource-based view of the firm (Wernerfelt, 1984, 1995; Qureshi 2010). This perspective is consistent with the strategic management implementation model (Strickland & Gamble, 2007). Resource-based perspective, suggests that certain resource and asset differences may allow some firms to implement strategies that alter an industry's performance in ways that uniquely benefit these firms. For this reason, firm heterogeneity in terms of resources, and the application as well as monitoring of such represent an important source for improved performance for business firms, (Barney, 1986).

An organization's existing resource portfolio refers to all types of resources (tangible and intangible assets) under the management control, (Garbuio *et al.*, 2010; and Sirmon *et al.*, 2007). It establishes the upper limits of a firm's potential to create value at a point in time. A portfolio of resources encompasses the fundamental elements that are bundled and leveraged, therefore enabling and constraining the actions a firm can take (Barney, 2001; Makadok, 2003).

A resource is a relatively observable, tradable asset that contributes to a firm's market position by improving customer value and lowering cost or both. The main tenets of resource dependence are the significance of environmental sensitivity for understanding how an organization operates (Pfeffer and Salancik, 2003; Sirmon, *et al.* 2007) and the role resources play in determining the performance of business organizations. Carlson (2004) observed from a resource-based view (RBV), that organizational strategy theory acquires competitive advantages through internally controlling resources.

The company controls the internal factors and how they affect management through keeping up with the resources available and ensuring that the resources are used responsibly and correctly. This applies to the application of information systems in the management of human resources within the organization. As long as the management plans organizes, leads, and controls resources effectively, the company should be able to withstand any factor that may affect it. A basic concern premised on the resource-based view is that attention should be focused on vital differences in the resource endowment and strategic reorganization of these resources in a firm. Resources are part of organizational capacity (Sirmon, *et al.*, 2007).

Indeed, the issue of firm performance and the determination of such factors is an important issue in the field of strategic management. Studies tend to link such performance differences in either industry-specific factors with mixed results (Hawawini & Subramaniam, 2003; McNara *et al.*, 2005). This diversity has led some strategic management researchers to question the ability of empirical studies to consistently and objectively explain differences in organizational performance as a result of human resources related activities or functions (Denrell, 2004; Starbuck, 2004) as well as the effects of industry velocity (Brauer and Schmidt, 2006). In short, an effective human resource information system should be able to capture not only the human aspect of business performance but also the leadership or managerial elements, so as to present a clearer and wider perception and dimension of performance (Ishmail *et al.*, 2010).

Peter and Barney (2003) argued that resources are assets while capabilities are processes, firm attributes or knowledge prevalent within the organization. Duta, Narasimhana Rajiv (2005) defined capabilities as the efficiency with which a firm employs a given set of resources (especially human) at its disposal to achieve certain objectives (output) Casselman and Samson (2007) extended the argument that to manage human resources using the required systems and techniques was also a capability and

contributes to the organizations overall performance. A resource is an observable asset but not necessarily tangible while a capability is not observable and hence necessarily intangible. Newbert (2007) contended that these distinctions were minimal, therefore the concept of resources and capabilities are closely related.

Research Design

The researcher in this study, adopted the quantitative methodology in the assessment of the relationship between the study variables.

Research Population

The population for this study was drawn from all manufacturing firms within Rivers State. This captured all sectors including food and beverages, electronics, roofing and housing accessories etc. Given the level of analysis – organizational; the population for this study therefore comprises of a total of 88 managers from 22 manufacturing firms in Rivers State. In this case, 4 managers were identified within key positions relevant to this study (general manager, production/operations manager, human resources/administrative manager, and the budget/finance manager). These were identified as pervading in all 22 manufacturing firms and as such served in defining the population for the study.

Instrumentation

The primary data for the study will be generated using the structured questionnaire, while the secondary data will be sourced from reports, published materials and existing verifiable content from the target organizations, or from online publications on the organizations.

Data Analysis Techniques

The test for hypotheses in the study will be carried out using inferential techniques such as the Spearman’s rank order correlation coefficient for the test on bivariate relationships (bivariate analysis) The formula for the Spearman’s rank order correlation is presented as follows:

$$r_s = 1 - \frac{6 \sum_{i=1}^n D_i^2}{n(n^2 - 1)}$$

Where r = rho value
n = sample size
D = difference between the two ranking

RESULTS

Table 1 Strategic systems and organizational performance measures

			Strategic	Product	Resource
Spearman's rho	Strategic	Correlation Coefficient	1.000	.438**	.916**
		Sig. (2-tailed)	.	.000	.000
		N	82	82	82
	Product	Correlation Coefficient	.438**	1.000	.332**
		Sig. (2-tailed)	.000	.	.002
		N	82	82	82

	Correlation Coefficient	.916**	.332**	1.000
Resource	Sig. (2-tailed)	.000	.002	.
	N	82	82	82

Source: Survey Data, 2020

HO₁: There is no significant relationship between strategic systems and product offering of manufacturing firms in Rivers State

The test on this hypothesis revealed both variables to have a significant relationship where strategic systems at a rho = 0.438 and a P = 0.000 is observed to significantly contribute towards outcomes of product offering within the manufacturing firms in Rivers State. As such the hypothesis is rejected on the basis of the evidence presented.

Discussion of the Findings

Human Resource Strategic systems contribute significantly towards the Employee Product Offering of Manufacturing firms in Rivers State

The result on the relationship between strategic systems and organizational performance demonstrates that the organizations in the current IT age need to use information systems effectively which require an understanding of the organization, management, and information technology that form the systems. It also requires an understanding that the mission of the information systems itself is changed and evolved from a focus on efficiency and effectiveness to a focus on organization performance as the foundation for competitiveness in a rapidly changing environment. Therefore, the top managers should understand that the information systems alone cannot provide an enduring business advantage (Troshani et al., 2011; Harris et al., 2011).

In order to obtain the improved performance outcomes; it is important to develop appropriate strategies that help to use the strategic based systems effectively and provide means to manage them. To achieve this goal, an increasing number of the organizations are turning to develop Information Systems Strategies (ISS) by applying one methodology or approach of Strategic Information Systems Planning (SISP), which helps them to convert their conventional human resource information systems to Strategic Information Systems (SIS) (Averbrook, 2012). Strategic Information Systems are systems that help organizations alter their business strategies, plans or structure. They are also used to hasten the reaction time of the environmental changes and aid the organization to achieve a competitive advantage over its competitors. Strategic systems are the traditional or conventional human resource information systems used in innovative ways. The essential purpose of the strategic systems is to help organizations to do things better. They also aim to develop and maintain the information systems that support the business operations in an effective way.

It is also critical that the organizations understand how to build the competitive advantages from their strategic systems. They also should understand that this process involves understanding the needs of the stakeholders, and devising strategies to existing information systems to effectively utilize the resources available (or which can be obtained). This in turn will increase the organizational performance that is sustainable and successful over the long term. In addition, many researchers confirmed that the organizational performance is at the core of an organization's success or failure. Ball (2011) described the organizational performance as —the extent to which an organization has the competency to create a position as a result of critical management decisions based on established strategies which differentiate itself from its rivals.

Moreover, these strategies should take into account the target market, the business' strengths and weaknesses, the business' goals and objectives, the product and service and the strategies of the competition through established strategic systems that address sales forecasting, and personnel

tracking of the organization; to be able to achieve the improved performance outcomes. The feedback from some of the literature reviews (Kamau, 2013; Ball, 2011) concluded that the utilization of strategic systems has a positive association with organizational performance with positive impact on outcomes such as product offerings and resource utilization.

CONCLUSION

This study through its empirical activities has established human resource strategic systems as a significant predictor of employee product offering of manufacturing firms in Rivers State. The premise for this is based on the evidence generated from the study which identify strategic as enhancing the features of product offerings for the manufacturing firms; as well as the contributions of organizational structure and size to the relationship between human resource information systems and organizational performance.

RECOMMENDATIONS

The following recommendations are premised on the observed link between human resource information technology and organizational performance. As well as the moderating contributions of organizational structure and size to the relationship between the variables. On this basis, it is recommended that:

- i. The development of strategic systems should be such that draws on the long-term goals and trends of the environment of the organization, in a manner that aligns human resource practices and management functions with the changes and development within the environment of the organization.
- ii. The structuring of relationships, tasks and responsibilities should be formatted to offer the necessary support and reporting features which enhance the role of the human resource information system in the actualization of organizational performance of manufacturing firms in Rivers State

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