

A Proposed Model Linking Human Resources Information Systems with Strategic Human Resources Planning to Achieve Competitive Strategy

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Abstract: While Human Resources Information Systems (HRIS) can be a useful tool for a variety of policymakers and planners, its main function—at least during the initial phase of its installation—would be in support of the personnel management process. The implications of any given personnel decision may sometimes seem infinite. HRIS as integrated personnel management information systems, could automatically chart the interactions of any given decisional options and report them as options to the decision maker. This study is attend to propose a model link between human resources information systems and strategic human resources planning in order to achieve competitive strategy advantages for business organizations.

Key words: Human resources, human resources information systems, strategic planning, competitive strategy, decision maker, HRIS

INTRODUCTION

There is a fair amount of information that might be useful to new employees once they join the organization and to other individuals who may have to make very different kinds of decisions but might still need to know something about current human resources in the organization. The need for this kind of information in an easily accessible and ready to use form is at the heart of human resource information systems.

Also today, more than ever, organizations must have accurate, rapid access to information about both the supply of and the demand of human resources and to be prepared to deal with any surplus or shortage that may come about. Predicting future needs for human resources and using existing resources effectively are the basic issues addressed in many literature reviews. So, it is the responsibility of the HR unit to train and inform managers and supervisors to perform HR activities effectively.

HR planning is tied to the broader process of strategic planning, beginning with identification of the philosophy and mission. The HR unit has responsibilities in HR planning; however, managers must provide supportive information and input.

HRIS can provide management with a capability to avoid crises management because it can call attention to potential human resource problems before they reach a crisis stage. The opportunity will exist to aggressively plan for (rather than anxiously react to) human resources management problems. By negating many of the ad hoc

aspects of personnel decision-making, HRIS would force consideration of the interrelationships of personnel functions. After all, the decision to take a manager off the line for training leads to a decision to replace him with a manger taken off another assignment which leads to a decision to recruit for a temporary replacement which leads to more and more decisions.

Literature review

Human Resources Information Systems (HRIS): Information technology refers to the resources used by an organization to manage information that it needs to carry out its mission. Information technology is generally of two types manual or computer based. All information technology and systems that it defines has five basic parts. One part is the input medium, the device that is used to add data and information into the system (DeNisi and Griffin, 2005).

The discussion concerning human resource information systems relates to the privacy of the information it contains. A prime reason for an organization to install a HRIS is to make it easier to find information. This ease of accessing information also has a downside; it is easier for unauthorized individuals to obtain private information (both company personnel information) or for system users to accidentally disclose private information, some laws exist that provide penalties for illegally obtaining certain kinds of employee information but this does not always stop it from happening, an employee whose employer has accidentally divulged her performance appraisal history (when only her salary

history was supposed to be released) to a bank loan division will not be any less upset if it was an accident. Organizations should make every attempt to provide safeguards against revealing private information-whether illegally or accidentally obtained. Protections such as system passwords, restricting access to confidential information on a need to know basis and physically locking up files at the end of each day are just the first steps in protecting the organization reputation, its competitive position and its legal liability, other issues that need to be considered include carefully defining and limiting user authorization, verifying that a user is actually the person authorized to use the system, encoding the data if it is transmitted and when it is stored and using audit trails that provide a clear picture of who accessed what and when. By incorporating some or all of these ideas, the HRIS system should be secure.

HRIS-stages of development: Bhattaham discuss in his book the nature and types of HRIS depend on the level and ease of use. At the primary level an organization may be interested in automating processing of routine information. It is an exercise of automating routing paperwork at the operational level. Therefore, its focus is on data, storage, processing and information flows at the operational level of the organization. Thus, it is restricted to payroll and basic details on employees. In HRIS language, we call it Electronic Data Processing (EDP) stage which facilitates data and files storage, transaction processing and reports summary. At this stage of HRIS, it does not facilitate enterprise wide decision support systems. It merely supplements painful manual preparation of payrolls and basic employee related information.

In the second phase, focus is shifted from EDP level to Management Information Systems (MIS) level with more inquiry and report generation flexibility. This is intended for middle level managers to control the operation, matching budget or projection. To illustrate, overshooting of expenses on overtime, its extent and magnitude can be analyzed to enforce control on the same. Similarly, compilation of different statutory reports for filing before statutory authorities can be done with MIS. Thus, MIS facilitates information retrieval, analysis, inquiry and report generation to support middle level managers to enforce operational control and at the same time to address to statutory requirements (like filing of reports on accident, man days loss, retrenchment, employee turnover, strikes, lock outs, layoffs, etc.).

The third type of HRIS is enterprise-wide Decision Support Systems (DSS) to facilitate decisions at the

higher level in the organization. At this stage, HRIS is more interactive and capable of developing decision models on many strategic issues. For HRP, competency mapping of existing manpower, their future utilization under changed, etc. are the crucial issues for internal manning in tune with corporate goals and objectives.

HRIS modules: The modular approach to HRIS facilitates a user to look for his data of interest restricting his focus on some elements of the data. It is directed to some specific function of HRM. For HRP in an organization, there may be specific requirement of a module while for training and development, there may be another. To decide about specific requirement of HRIS modules, it is always essential to do a need analysis. Needs are specific to an organization. Therefore, needs of one organization may not match with another, unless these are generic in nature and intended to address only some technical requirements like, security, user interface and navigation, standards, data integrity, validation, etc., to ensure proper HRIS in an organization vis-a-vis appropriate selection of HRIS modules, it is important to integrate needs with the technology strategy of an organization. For example, if in near future, your organization decides to change the technology platform, then to decide about HRIS modules, you have to ensure its compatibility with a changed platform or else, you will soon identify obsolescence of your HRIS. Similarly, to perform need analysis for HRIS, it is also essential to integrate it with your corporate strategy. If your corporate strategy limits its focus only on automation of payroll in HRIS, you may only look for the best of those modules which address to payroll automation requirement. But if your corporate strategy is to go for enterprise wide applications then look for those HRIS modules that support enterprise wide applications. Most of the organizations today are re-engineering their business process which calls for a holistic HRIS approach, rather than specific payroll or employee information. Going for enterprise wide systems is always a better choice for important strategic decisions about HR.

HRIS need analysis is also integrated with critical success factors within an organization. This is ensured by duly taking into cognizance critical inputs from different cross functional teams. Such cross functional teams will include HR, finance, line managers and IT professionals. Such critical inputs facilitate documentation of various expectations and relate such expectations of the HRIS requirements.

Once need analysis is performed, it is better to go for a final sign off of the requirements by participating cross functional team members. This ensures documented

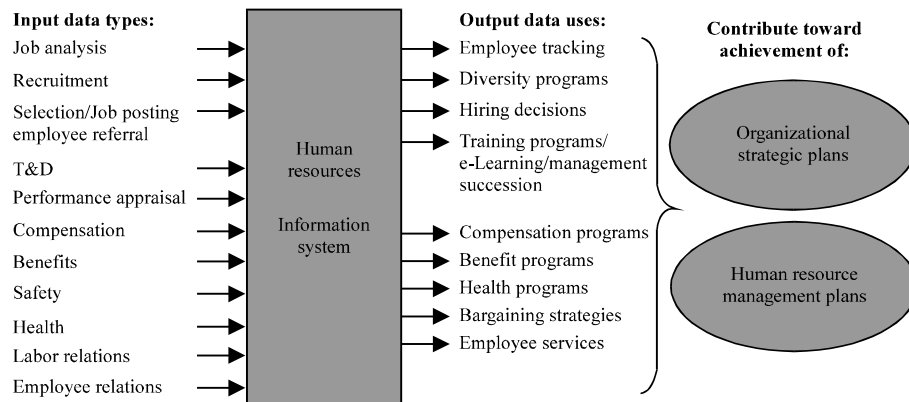


Fig. 1: Present overview of the human resource

concordance and commitment from the end users, during subsequent implementation and operation of HRIS. A final documentation is done for subsequent selection of HRIS vendors.

Mondy and Noe human resource information systems model: Mondy and Noe (2005) propose a model for human resource information systems they state that firms are realizing that a properly developed HRIS can provide tremendous benefits to the organization. While many HR directors and managers at small organizations shoulder HRIS in addition to their many other responsibilities, larger organizations have specialized staff to address technology issues. Figure 1 presents an overview of the human resource information system designed for one organization. Utilizing numerous types of input data, the HRIS provides many types of output data that have far-reaching human resources planning and operational value. The HRIS integrates all human resource information into the system.

MATERIALS AND METHODS

Based on Mondy and Noe human resource information systems model, Pfeffer strategic human resource planning practices and Porter competitive strategy, the researcher's model is developed (Fig. 2).

Model terms definition: Career planning will facilitate professional/career development planning for both the individual and the company. It will chart future career paths for all categories of employees by specifying ranges of assignments and training opportunities for various career intervals.

Productivity evaluation: It involves creating output measures of performance to be used in evaluating the productivity of specific programs, offices or position.

Position classification: This variable will provide an automated information system for position classification programs. It would entail the direct inputs and maintenance of position data by the position classification staff, automated monitoring of the job content and the level of positions and computerized retrieval of data on classes or series of positions for evaluation.

Position/person matching: Which will establish a computerized process for the direct correlation of position requirements against personal qualifications and preferences for possible assignments. It creates mechanism for scrolling all employees as candidates for specific jobs and can identify either a top range of candidates for specific position or a top range of potential positions for single individual.

Recruitment: This variable provides data for the analysis and evaluation of recruitment efforts. It will monitor the qualifications and special characteristics of new employees by various functional categories and analyze retention and development trends.

Training: This variable will be measured through.

Training assignments: it will provide for an automated position/person matching system to be employed in making training assignments. it entails integrating specific training possibilities with overall career development needs for both the individual and company.

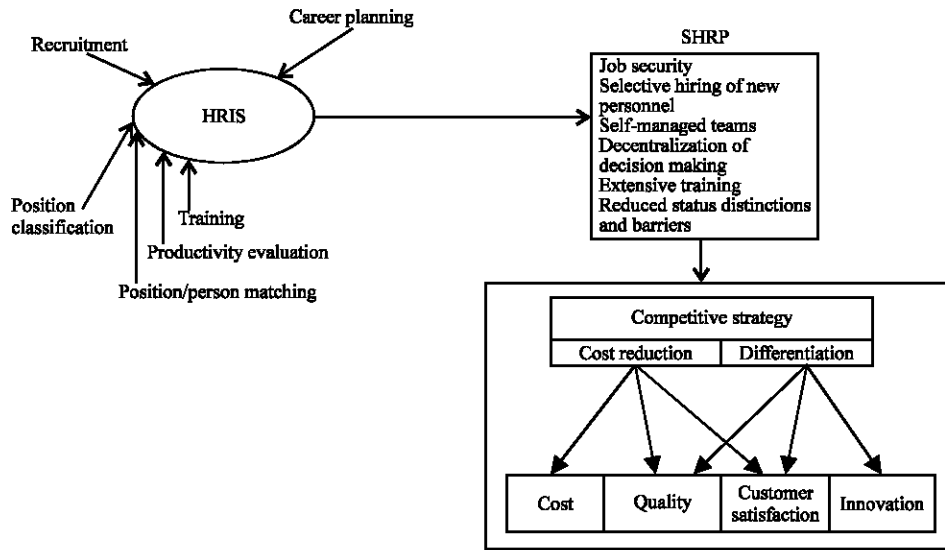


Fig. 2: Proposed model

Training projection: This variable will create a forecasting mechanism to enable the company to recognize short and long term training needs. it involves basing training projections on current and future position requirements as correlated to the existing qualifications of the company workforce.

RESULTS AND DISCUSSION

Strategic human resource management: Through strategic planning efforts incorporate the specific actions that will be taken to bring organizational goals to life, drawing guidance from a detailed assessment of the organization’s internal and external environments and the participation of interested parties from the organization and its community. Bryson echoes other theorists in arguing that public and nonprofit organizations face uniquely turbulent environments necessitating coordinated action. Organizational leadership must think in terms of internal operations and external environment to translate potential organizational responses into goals that are coordinated and serve to mesh organizational efforts with environmental demands.

Perceived barriers to strategic planning: Wright and Boswell (2002) suggested three major barriers to planning in nonprofit organizations that may echo difficulties with public sector strategic planning: the skill level of managers charged with planning, the diversity of agendas for the various stakeholders and concerns about the rigidity of formal plans.

First, staff may be relatively unskilled in planning and management techniques, just as traditional workforce planning efforts were often relegated to centralized human resource departments, other planning efforts might be compartmentalized, delegated as the domain of a particular department in an agency or retained at a certain level of organizational decision making, under these circumstances, little active participation would be required from line supervisors, however with strategic planning, workforce planning is integrated with all other aspects of operations and in consideration of other environmental factors.

This means that line managers as well as human resource specialists need to be familiar with strategic planning generally and with the issues attendant to traditional workforce planning, training is necessary in the techniques of planning and environmental assessment methods even if employees (and outside participants) are familiar with the general concepts of strategic planning, the complexity of the data to be considered may be overwhelming, the addition of complex modeling programs to manage all of the detail about the organizations environment, staffing levels and characteristics, range of project types, varying time lines and diverse benchmarking criteria could hinder active participation by who are unfamiliar with or intimidated by statistical analysis.

Second, the diversity of goals, values and interests of the people associated with the organization makes planning difficult for example, bringing out the perspectives of clients, donors (taxpayers), volunteers

and board members (political decision makers) can be difficult enough, meshing these views may require some vagueness in goals and objectives to limit internal conflict between organization stakeholders, unfortunately, ambiguity in goals and objectives makes it difficult to develop a series of actions as a result. Organizations, the only certainty is that demand will exceed resources.

A third problem is that in nonprofit sector organizations, staff members and volunteers may resist planning because it seems a bit too corporate or businesslike rather than client responsive, they echo concerns frequently expressed by public sector administrators that formal plans have the potential of limiting flexibility of action or alternatively, imposing “bureaucracy” on adaptive or innovative activities (Aswathappa, 2002).

Additional problems with strategic planning may stem from previous efforts, unfortunately, it is not unusual for public managers to find themselves buffeted by “flavor of the week” management trends.

Strategic planning has often been treated as one such faddish effort, suddenly an agency is asked to develop a plan by a legislative body or executive branch official; consultants are hired and committees are formed and day long work sessions are scheduled, midlevel managers are thrown together with a sprinkle of line level supervisors to develop a mission statement, goals and objectives in an eight hour retreat the comments are scribbled on large pieces of paper for the group to see and then carefully transferred to a document that will become.

Another problem that may frequent planning efforts is over planning. The highly detailed scheduling of implementation efforts or the development of overly structured plans can often impeded organizational responsiveness. Some individuals do tend to invest heavily in the written plan and limit their efforts exclusively to those activities that are specifically detailed, thereby limiting innovation and adaptability. The organization’s environment will still be fluid even after a plan is in place, so a general focus on goals and willingness to let the organization respond to environment cues is important. Managers should have the latitude to respond to shifts and be comfortable with change and variety while recognizing that even small decisions can lead to larger outcomes for good or ill.

Strategic Human Resource Planning (SHRP)

Development of SHRP: SHRP has grown considerably in the last 15 years. Schuler Dolan and Jackson described the evolution of SHRP from personnel management through two-stages transformation, first from personnel management to Traditional Human Resource Management (THRM) and then from THRM to SHRP.

To improve the firm’s performance and create competitive advantage, firm HRM must focus on a new set of priorities. These new priorities are more business and strategic oriented and less oriented towards traditional HR functions such as staffing, training, appraisal and compensation. Strategic priorities include team-based job designs, flexible workforces, quality improvement practices, employee empowerment and incentive compensation. SHRP was designed to diagnose firm strategic needs and planned skills development which is required to implement a competitive strategy and achieve operational goals (Chang and Huang, 2005).

Pfeffer (1994, 1998) described and distilled SHRP best practices to a list of six strategic areas which are: job security, selective hiring of new personnel, self-managed teams, decentralization of decision making, extensive training, reduced status distinctions and barriers which including dress, language, office arrangements and wage differences across levels.

Role of HR strategy in strategic management: When used properly, a HRIS can be a valuable tool for strategic planning and implementation. HRIS information should help decision makers had better understand how human resource management can be a valuable competitive tool. It can be used to monitor morale, efficiency and labor costs. It can be used to plan for the future human resource needs of the firm or to anticipate changes in the competitive environment. Its use is limited only by the extent to which the organization uses it to make strategic human resource decisions. Many firms are beginning to realize the value of using human resources to gain a strategic advantage-or a unique skill or competence that other firms do not have.

It often falls upon human resources managers to help top management recognize the need for and value of a HRIS. Since, the costs for acquiring and implementing such a system can be substantial, showing the benefits the firm including how the system can help strategically align the organization with its goals is an important step in winning top management support. To do this, the HR manager needs to think in business terms to determine exactly how a HRIS can help achieve business objectives. First, the human resource manager must identify ways a HRIS system can support the organizational business goals and how using a HRIS can help achieve these goals. Then, the HR manager can develop a HRIS that is tailored to meeting these goals and introduce a deployment strategy for the HRIS. By adopting a value-added perspective such as this, it is possible to link the HRIS directly to the organization’s key business strategies.

Competitive strategy: Competitive strategy; defined as a position attained by a business unit and perceived by its customers when it is compared with its competitors. They may be characterized as lower cost or differentiation and focus competitive strateg (Porter, 1998).

CONCLUSION

HRIS would provide basic informational support for decisions on recruitment, placement, training, classification and resource allocation, among others. In past, personnel decisions were necessarily made using an incomplete database. Subjective intuitive judgment simply had to be made. Decision made using HRIS can be made using virtually all-available data.

HRIS can provide management with a capability to avoid crises management because it can call attention to approaching human resource problems before they reach a crisis stage. The opportunity will exist to aggressively plan for (rather than anxiously react to) human resources management problems. By negating many of the ad hoc aspects of personnel decision-making, HRIS would force consideration of the interrelationships of personnel functions. After all, the decision to take a manager off the line for training leads to a decision to replace him with a manger taken off another assignment which leads to a decision to recruit for a temporary replacement which leads to more and more decisions.

The implication of any given personnel decision may some times seems infinite. HRIS as integrated personnel management information systems, could automatically chart the interactions of any given decisional options and report them as options to the decision maker. Therefore, this framework can be adapted by any organization to satisfy its own requirements. In Addition, The framework for pro is also

simple and could be used for most organizations. The framework shows that human resource information systems is one of main features that help to provide the basic personnel information regardless the nature of the organization.

The researcher tried to builds a framework for acquiring personal management information systems which can be used almost for most large organizations. This framework is simple, easy and comprehensive. Hopefully, that this framework will shed some light for policy makers allowing them to plan effectively for their human resources.

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