Research Paper on Revitalizing the Role of Management Information System for Strategic Human Resource Management

Navita Mahajan

Amity International Business School, Amity University
Noida, Uttar Pradesh, India.

Abstract

The emerging trend in competitive world is clearly towards the adoption of latest technology, best information availability and management of human resources. With the effective utilization and application of this approach, organizations benefit from two significant payoffs: increased organizational effectiveness and bonafide satisfaction of individual employee’s needs with strategic long term business strategies formulations. MIS being the central unit of any organization has to play a very vital role in managing human resource strategically by way of facilitating HR, as the trend are changing globally and technology is being updated at a very fast pace. MIS itself is strategic because it has to cater to the needs of a developing system, changing system and growing system.

The present study attempts to examine that how HR professionals and managers in different organizations see the effects of Management Information System (MIS) on Strategic Human resource management (SHRM) and what is role played by MIS in designing and execution of SHRM activities that lead to organization’s business growth strategies formulation. The study “Revitalizing the Role of Management Information System for Strategic Human Resource Management” investigates MIS role and support that it offers to SHRM activities in a way that how business MIS which so far is restricted to MIS department in the organization or in the common information portal of the organization can support HR department to design and process SHRM activities, which are need of the hour to grow in competitive environment.
Keywords: MIS, Strategic Human Resource Management, Private sector, Public Sector, Human Resource, Multinationals, Benchmark, Performance.

1. Introduction

Strategic human resource management (SHRM) is the process of linking the human resource function with the strategic objectives of the organization in order to improve performance. A well organized MIS leads the role to drive Human Resource (HR)'s transition from a focus on Human Resource Management (HRM) to **Strategic Human Resource Management (SHRM)**. This strategic role not only adds a valuable dimension to the HR function, but also changes the competencies for an organization’s success and growth.

The behavior driver under MIS is to formulize plans for strategic planning that a firm would do in the future. At the same time, resource base of any organization are responsible for executing the strategies with full ownership that comes with participation and further their own development and end to end implementation. Therefore SHRM apart from being supportive plays a strategic role by aiming at facilitating the accomplishment of a company’s mission and ensuring a company’s competitive advantage. The goal of MIS and SHRM combined together is to move a company’s strategy to action and to design practices that align with the business strategy with the best information usage.

The study found employees’ perceptions for MIS, the multiple sources of information for HR across organization which could be department’s data or HR own compiled data apart from MIS data. Integration of SHRM and MIS was measured in context of organizations of different sectors and where the gaps in integration of both the departments were lying, was also evaluated during the course of study. The different SHRM activities were enlisted and it was analyzed that what were the sources of information for designing those activities and level of dependency on these sources. This gave an insight into the frequency of MIS usage for various SHRM activities. Keeping in view the future challenges that HR managers might face, the study examined that where MIS would support HR department and measured the attributes of SHRM activities based on MIS. Not only for those SHRM activities, where MIS supports is higher to HR department, the study also highlighted those activities which are although important for the organization from SHRM point of view but the role of MIS is very less, hence a window of opportunity for MIS to expand its horizon and participate in those activities. There was need to conduct this type of study because no study has been conducted so far that how SHRM activities are dependent on MIS, up to what extent MIS is playing role in designing SHRM activities and challenges in future for HR where MIS would support it. Also on the practical applicability of business MIS usage and deficiencies that arise due disintegration of both the departments has not been explored so far in any research, hence it justified the need for conducting this study with following objectives,
1) To identify the role played by MIS all across organization with aim of SHRM.
2) To identify the need of SHRM in the organization in the present context.
3) Compare cross company SHRM practices and benchmark best practices of
   SHRM with selected sample.
4) To identify the various activities and growth executed by HR department with
   objective exclusively as SHRM.

2. Research Methodology and Sample Size
The research methodology included collecting information from various sectors and
within those sectors, the business units and specialized resources of HR and MIS were
contacted. The scope was widened by including different sectors companies in order to
evaluate their policy frameworks and opinion about the usage of information with
practices being followed.

The questionnaire was first developed, and after testing questionnaire were sent to
the respondents online as well personal contacts were made as well. The target group
of the questionnaire was managers, directors, and professionals from HR as well as
MIS in leading companies two Public, Joint, Private sector and multinational
companies of India to evaluate the practices of Indian Companies vs. Multinationals as
a benchmark. The questions were designed to ascertain demographic information about
the respondents and their organization, with the aim of obtaining information about the
SHRM activities they perform, and the extent to which those SHRM tasks that they
perform were considered strategic compared to the proposed SHRM tasks by the study.
Likewise, it was intended to find out the extent of MIS role especially in strategic
HRM, the propose MIS’ impact on the professional standing after use, and the
proportion of MIS usage in public, joint, private and multinational companies.

There were 18 questions in questionnaire for HR sources, while there were 13
questions for MIS resources. The questionnaire was sent to 376 resources of 8 different
sector companies; out of which 100% data was received thus 100% response rate was
achieved. In every company two set of questionnaires were sent to each MIS and HR
department. Out of Total 376 respondents, 175 were in HR, while 201 were in MIS.
Apart from that, personal contact with senior management was also made.

After the data was obtained in the form of questionnaire, it was coded in the excel
format for the entry and statistical tool applications. The coding of data eased the
conversion of same into SPSS software 14.0 version. In SPSS, again the variables were
coded as per the data in order to map the results in descriptive and statistical form.

The results were tested for four hypothesis which were,

- MIS plays a major role in SHRM tasks.
- HR Professionals think that MIS is used in support for SHRM activities.
- HR professionals see MIS as an enabling technology for SHRM.
- MIS will be used more in support of SHRM tasks in organizations in the future.

The hypotheses were tested by applying sub hypothesis on them and suitable
statistical tools were applied for testing. Statistical analysis was done mainly with the
help of t-test, chi-square test and correlation analysis. The testing was done at 5% level of significance and testing was done by computing sample mean, hypothetical mean, t-test value, p-value, standard deviation, standard error and coefficient of correlation.

3. Findings of the Study
The study covered all the sectors of economy Public, Private, Multinational and Joint, in order to analysis the working systems within sectors ans set a benchmark for recommendations.

1. PSU had more structured form of MIS departments; same as multinationals which are more dynamic and during the course of study the reporting is more organized, as the size grows. All organizations were trying to prove that they provide all sort of information to the organization but they are working independently considering that whatever organization need , is being provided by MIS.

2. The maximum frequency of MIS was reported in Public sector due it working styles followed by multinationals due to its dynamic systems and fast decision making polices.92% of the organization combined together in all sectors preferred to have and confirmed the presence of dedicated MIS department in the organization.

3. 100% of the multinational confirmed to the presence of dedicated MIS systems in their organizations, while in case of Joint sector it was only 67%. However 85% Private sector confirmed and 96% of Public sector confirmed presence of MIS department in their organizations.51% organizations confirmed usage of MIS in SHRM up to extent of 60% and it was highest in Multinationals followed by PSUs.

4. Multinationals set the best benchmark for SHRM activities being taken up at the maximum extent followed by PSUs and Joint sector. It was multinational sector that measures growth of organization based on SHRM on 100% frequency scale and there was positive correlation between organizations suggesting increasing MIS usage from present level of 30-50% to more than 70%. However the frequencies of SHRM activities were low for activities like liaison with trade unions, transforming organizational structure and succession management.

5. The frequency of SHRM activities was more for employee productivity enhancement, business growth and strategy formulation, appraisal and reward systems of organization Integration of HR into strategic planning, employee benefits, cost cutting measures in the organization and a positive correlation was found between, as the size of organization starts increasing; organizations feeling the need of dedicated MIS department, as growth of organization is directly related to growth of employees. There is clear perception in MIS department that, only depending on required situation
HR involves them; else everything is provided by MIS on common database pool of the organization and both the departments of the need for strong coordination and backward-forward communication.

5. It is evident from the study that there is more than 90% dependency of SHRM activity “Business growth and strategy formulation” on MIS and for activities -Integrating HR into strategic planning; linking HR practices, cost cutting measures, employee productivity enhancement, the dependency on MIS is higher up to extent of 90-100%. Organizations had multiple source of information as well, like MIS and HR, Department and HR, MIS and Department, it gave them a wider comparison and more breadth when it came to designing SHRM practices and they see MIS as an enabling technology and they strongly agree with attributes of MIS.

4. Analysis of Findings
The study revealed the working efficiency of all the sectors and found that multinationals set the highest standards of efficient management systems of capturing MIS and disseminating the information all across for the business growth and strategy formulation. There was highest transparency in the information sharing and utilization of same. Public sector is also no way behind the multinational; the only difference between these two is synchronization in information, clarity in objectives, access to information and dynamicity of sector itself.

The study gives a clear picture about the organizations that MIS has very important role to play in meeting the vision and mission of the company, however due to lack of coordination and lack of what is required in the system for organizational growth, the information is not being maintained. MIS is making the database in all the mandatory fields and cross functional projects wherever it gets the system support, however matching the same with vision mission goal of the company is lacking. HR systems is aware of the designs and processes of its SHRM activities, but they are generating a common set of activities for all the employees, or have different set based on the designation and working profile of the resource. Out of three sources of information for HR, the usage of department information is meagerly being used by all sectors and both MIS and HR had made their own variables which company has been practicing for long or especially for MIS its own assumptions as per understanding of projects. The job of MIS limits to providing information across company however there was no or very less coordination between MIS and any other department that how final outcome should look like, so this is major area of concern that organizations should collectivity design the outcome of MIS.

The observations also revealed MIS capabilities in shaping the integration between HRM and IT are also applicable to SHRM and it means that HR professionals would be able to cope with their new roles without panicking because their new role, SHRM, is still supported by MIS. However, in the case of specific strategic HR tasks, the degree of the support depended on the type of organization.
Multinational companies experience a great deal of MIS support in most of the strategic HR tasks namely business strategy formulation, employee productivity enhancement, employee benefits, per person revenue mapping, per person profit loss, identification of capable resources, cost cutting measures. PSUs are also no way behind but the usage of information is less as compared to multinationals, in spite of having huge infrastructure and financial capacity.

MIS usage in support of cross departmental internal promotion, job rotation, transformation of organizational structure and managing trade union relations with organizations did not reveal any significant difference in proportion of users in different sectors and all these need to identify their SHRM tasks and organization type before embarking on any MIS implementation in order to enjoy the full benefit.

Notably, the study suggested that MIS are likely to be used even more for SHRM tasks in the future; this was a strongly held belief by all sector companies. Multinational companies have well-established facilities such as intranets and extranets to access the required personnel information quickly and efficiently. Small sized private companies generally lack the capital and technical resources to implement MIS, while it is incumbent upon all organizational types to stay abreast with MIS dynamics by keeping system updates.

HR managers agreed that the MIS usage for SHRM tasks leads to developed professional standing in the organization as more acumen of information prevails. The implications of this disclosure are that HR professionals will need to develop their skills in business information usage for SHRM activities designing and become abreast with MIS technology in order to remain competitive in the labor market. This means that firms will also need to develop and plan MIS training and usage programs for both prospective and existing HR managers in line with specific strategic SHRM tasks since enhanced professional standing implies effective and efficient work-force which leads to improved performance and increased output resulting to higher profit margins and acceptable returns on investment (ROI).

Interestingly, the study showed a lack of MIS support for managing trade union relations with the organization. This was very much the case irrespective of the type of organization. The failure to use MIS in support of trade union relations with the organization means that there will be little consideration of how HR policies regarding labor issues might potentially change trade unions’ attitude towards collective bargaining.

The immediate objectives and activities of trade unions vary, but may include provision of professional training, collective bargaining, industrial action, legal advice and representation for members. In an attempt to enforce the union’s objectives, union leaders normally find themselves in confrontation with the employers, which most often leads to industrial actions. Effective and efficient management of trade union relations reduces industrial actions, conflicts, and wastes. However, the lack of MIS’ support in managing trade union relations implies no standard way of communicating just-in time information between the parties. This might make conflict resolution difficult. The inability to resolve conflict leads to strike actions, the ultimate results of
which are, output reduction, low returns, slow growth and expansion, lost of skilled employees, high employee turnover, and other resultant effects.

The study also suggested that MIS can further help the organization and overall business by taking feedback from the various departments about report structures and in parallel taking feedback from HR and providing valuable information to HR that how each resource can be groomed and developed in the organization.

Overall, the study suggested that MIS play a key role in SHRM, but the degree of the role was also very much dependent on the type of organization. This provides some insights into the usage of MIS in SHRM by some selected leading PSUs, Multinationals, Joint sector and private sector companies, which should help HR practitioners acquire a better understanding of MIS role in SHRM. However, caution should be exercised in generalizing the results of the study due to the restrictions to a small sample size. Nevertheless, the results provide basis for future research.

5. Conclusions and Recommendations
Regarding the study under process, following strategies are recommended for further improvements:

1. Keeping importance of SHRM activities, both HR and MIS department will have to mutually work together as former being process owner cum designer and later being service provide. MIS department should be empowered to make strategic decisions on the spot in order to minimize interfaces and delays regarding operations and manpower handling.

2. In depth study on MIS usage in support of trade unions’ relations with organizations needs further examination. This will allow both the trade unions and the employers to manage and resolve conflicts and other related labor issues efficiently and effectively. Since multinationals have the best practices for MIS usage which are at fast pace and dynamic, so other including PSUs, Public and Joint sector must take all these in notices and further best possible applications.

3. Regular practice must be carried out in any organization for review of information received and required in future from cross function teams and to be compiled by MIS and as required by HR for SHRM activities or may be for cross functional teams for their internal assessment ans strengthening.

4. MIS should take regular feedback from HR, apart the format designing of information dissemination should be mutually consulted. For the activities, where MIS usage is low, however they are part of SHRM, HR should give a thought to use MIS for their higher usage, so that these activities can be strengthened more with better information analysis base and evaluate it for any zero error while implementation.

5. Wherever there is multiple source of information for any SHRM activity, the cross compilation must be done but there should be efforts to centralize everything for a positive and rational performance. The formats of information
required for SHRM should be given by HR, as this would facilitate easy compilation work.

6. MIS should intimate various SHRM activities of other competitive organizations, so that they can be benchmarked and introduced in present organization. MIS should measure impact of SHRM activities, while evaluating business information for improvements introduced time to time and to be in a position to forecast implication of SHRM on employees and organization as a whole.

7. Collaboration for design and development process of MIS and HR should be taken up as an integral function in creating more robust SHRM activities with integrated capabilities. The guiding vision of the data collection instrument must be capable of providing information relevant to cross functional teams and policy makers.

References

