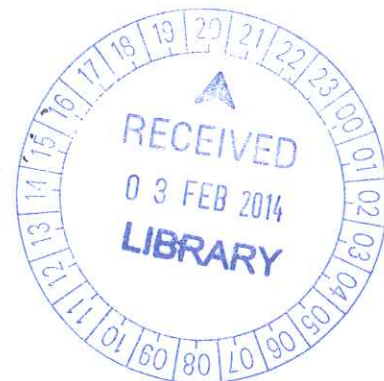


INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

Human Resource Information System: Bridge of Strategic Human
Resource Practices and HR Department Performance of Manufacturers in
Klang Valley, Malaysia

Author: Lum Tze Choong
Student No: I12000418
Supervisor: Mr. Ponusamy
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Abstract

This research is to examine the relationship between the usage of Human Resource Information System (HRIS), Strategic Human Resource Management (SHRM) practices and Human Resource (HR) department performance. Utilizing the quantitative method, questionnaires was distributed to 300 of manufacturers within Klang Valley, Malaysia. A total of 80 valid responses were obtained and the results showed that the usage of HRIS is positively related to the SHRM practices. However, there is no significant relationship between SHRM practices and HR department performance. This study proves that SHRM practices can be improved by the usage of HRIS and the study may contribute to the industry in the decision making process of investing in HRIS within the organization.

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Table of Content

Abstract	I
Acknowledgments	II
Table Of Contents	III
List Of Tables	VI
List Of Figures	VIII
List Of Abbreviations	IX
Declaration	X
Chapter 1 : Introduction	
1.0 Introduction to Chapter.....	1
1.1 Background.....	1
1.2 Problem Definition.....	2
1.3 Research Objectives.....	3
1.4 Significance of The Study.....	3
1.5 Scope of the Study.....	4
1.6 Limitations of the Study.....	5
Chapter 2: Literature Review	
2.0 Introduction to Chapter.....	6
2.1 Human Resource Information System (HRIS).....	6
2.2 Strategic Human Resource Management.....	9
2.2.1 Training.....	11
2.2.2 Staffing.....	12
2.2.3 Performance Appraisal.....	13
2.2.4 Compensation and Benefits.....	14
2.2.5 Participation of Employees.....	15
2.3 Department Performance.....	15
2.4 Hypothesis Development.....	16

	IV
2.5 Research Model.....	18
Chapter 3: Research Methodology	
3.0 Introduction to Chapter.....	19
3.1 Research Approach.....	19
3.2 Sample Size and Sampling Technique.....	19
3.3 Unit of Analysis.....	20
3.4 Data Collection Procedure.....	20
3.5 Measures and Scales.....	21
3.6 Data Analysis Approach.....	21
3.7 Ethical Considerations.....	22
Chapter 4: Findings	
4.0 Introduction to Chapter.....	23
4.1 Reliability Test.....	24
4.2 Validity Test.....	25
4.3 Data Analysis.....	25
4.4 HRIS Usage towards SHRM Practices.....	26
4.4.1 Acquire	27
4.4.2 Store.....	29
4.4.3 Retrieve.....	30
4.4.4 Analyze.....	31
4.4.5 Manipulate.....	32
4.4.6 Regression Analysis	33
4.4.7 Partial Least Square	34
4.5 SHRM Practices Towards HR Department Performance.....	34
4.5.1 Training.....	35
4.5.2 Staffing.....	36
4.5.3 Performance Appraisal.....	38
4.5.4 Compensation and Benefits.....	40
4.5.5 Participation of Staff.....	42
4.5.6 Regression Analysis.....	44
4.5.7 Partial Least Square	45

4.6 Chapter Summary.....	45
Chapter 5: Discussion and Conclusion	
5.0 Introduction to Chapter.....	47
5.1 Results for Hypothesis 1.....	47
5.2 Results for Hypothesis 2.....	48
5.3 Summary of Findings.....	49
5.4 Theoretical Implications.....	49
5.5 Practical Implications.....	49
5.6 Conclusion.....	50
5.7 Recommendations.....	51
6.0 References.....	52
7.0 Appendix.....	56

List of Tables

Table 4.1 Reliability Test	23
Table 4.2.1 Validity Test	24
Table 4.4.1(a) Normality Test – AcquireTotal against HRM_Total.....	26
Table 4.4.1(b) Pearson Correlation – AcquireTotal against HRM_Total.....	26
Table 4.4.2(a) Normality Test– StoreTotal against HRM_Total.....	27
Table 4.4.2(b) Pearson Correlation – StoreTotal against HRM_Total.....	28
Table 4.4.3(a) Normality Test – AcquireTotal against HRM_Total.....	29
Table 4.4.3(b) Pearson Correlation – RetrieveTotal against HRM_Total.....	29
Table 4.4.4(a) Normality Test – AnalyzeTotal against HRM_Total.....	30
Table 4.4.4(b) Pearson Correlation – AnalyzeTotal against HRM_Total.....	31
Table 4.4.5(a) Normality Test – ManipulateTotal against HRM_Total.....	32
Table 4.4.5(b) Pearson Correlation – ManipulateTotal against HRM_Total.....	32
Table 4.4.6(a) Regression Analysis.....	33
Table 4.4.7 (a) Partial Least Square – HRIS.....	34
Table 4.5.1(a) Normality Test – TrainingTotal against DeptPerformanceTotal.....	35
Table 4.5.1(b) Pearson Correlations – TrainingTotal against DeptPerformanceTotal.....	36
Table 4.5.2(a) Normality Test – StaffingTotal against DeptPerformanceTotal.....	37
Table 4.5.2(b) Pearson Correlations – StaffingTotal against DeptPerformanceTotal	38
Table 4.5.3(a) Normality Test – AppraisalTotal against DeptPerformanceTotal....	38
Table 4.5.3(b) Pearson Correlation – AppraisalTotal against DeptPerformanceTotal.....	39
Table 4.5.4(a) Normality Test – CompensationTotal against DeptPerformanceTotal.....	40
Table 4.5.4(b) Pearson Correlation – CompensationTotal against DeptPerformanceTotal.....	41
Table 4.5.5(a) Normality Test – ParticipationTotal against DeptPerformanceTotal.....	42

Table 4.5.5(b) Pearson Correlation – ParticipationTotal Against DeptPerformanceTotal.....	43
Table 4.5.6(a) Regression Analysis.....	44
Table 4.5.7 (a) Partial Least Square – HRM Practices.....	45
Table 5.1(a): Summary of Findings.....	47
Table 5.2(a): Summary of Findings.....	48

List of Figures

Figure 2.5: Research Model	18
Figure 4.6 (a): Research Model Summary	45

List of Abbreviations

IS – Information System

HRIS – Human Resource Information System

HR – Human Resource

HRM – Human Resource Management

SHRM – Strategic Human Resource Management

Declaration

I acknowledge that the work presented in this dissertation has not been submitted to any other institution, except for the purposes of completing my MBA studies at Inti International University of Nilai, Malaysia. The work is the result of my individual work.

Name: Lum Tze Choong

Signature:



Date: 14 December 2012

Chapter 1

Introduction

1.0 Introduction to Chapter

This chapter discuss mainly on the overview of the study in providing a brief background of the studies. Besides, research gaps about the lack of study in the relationship of human resource information system (HRIS) between strategic human resource management (SHRM) practices and department performance of manufacturers in Klang Valley is also identified. This chapter also discusses about the significance of study towards academias, industries and government, as well as highlighting the limitations of conducting this study in line with the research objectives identified. Besides, the research model for this study is also highlighted in this chapter.

1.1 Background

According to Kuppusamy and Lan (2010), the inevitable issues in global business world, for example the worldwide economy crisis, unprecedented health issues and the natural disasters across the globe, had forced the organizations to search and develop competitive strategies, not only for their profit making, but most importantly business survival. As a result, information systems (IS) had emerged as one of the most common tools to be adopted by organizations in order to support efficient and cost-effective business operations, and ultimately improving overall business performance. IS is defined as a set of interrelated components, which collect, process, store and distribute information, that support decision making, coordination, and control in organization (Laudon and Laudon, 2011).

The business world had encountered a period of difficult time due to the recent economic downturn. The crisis had even strained existing business models and systems to an extent that the business is facing sustainability issue. The world is now experiencing great transformation and radical changes and new developments, which is called the era of Human Age (Manpower.com, 2011). As a

result, organizations will have to redesign their business models in order to cope and adapt to the changing environment. Human resource management (HRM), which plays a vital role in managing talent, will be the major focus of all business functions in assisting the organization to achieve competitive advantage strategically (Kossek et al., 1994).

1.2 Problem Definition

Strategic human resource management (SHRM) refers to the coverage of overall HR strategies adopted by organization and tries to measure their impacts on performance. The theory of SHRM can be traced back in the 1920's where the employers tried to obtain competitive advantages by adopting a unique management approach on HRM which focus on the unity of interest between employers and employees, cooperation and treating the employees as assets instead of just mere resources to be exploited (Lengnick-Hall et.al., 2009).

Though there are numerous researches focus and study on the impact of HRM practices towards the performance of project team or organization (Ahmad and Schroeder, 2003; Belout and Gauvreau, 2004; Hussain, Wallace and Cornelius, 2007), there is limited research focus on the role of human resource information system (HRIS) in facilitating the SHRM practices towards departmental performance. As a result, this research is designed to fill the above-mentioned research gap. Besides, this research will also facilitate readers with information about the importance of HRIS towards SHRM practices and department performance in Malaysia's manufacturers.

Future research may need to focus on new information systems as an improved IS to be adopted in SHRM practices, if any, in view of the fast-moving and constantly development of technologies in the world. Besides, other components such as leadership styles adopted may also be focused for the research done in the future, in order to provide a more comprehensive dimension on the SHRM practices towards department performance.

1.3 Research Objectives

The main objective of this research is to evaluate and understand the importance relationship between human resource information systems (HRIS), strategic human resource management (SHRM) and department performance within the organization. The sub-objectives are as follows:

1. To examine the relationship of the usage of HRIS towards SHRM practices.
2. To examine the relationship of SHRM practices towards Department Performance.

1.4 Significance of The Study

As mentioned by Laudon and Laudon (2011), the utilization of IS will benefit organization with few advantages. The first advantage of utilization of IS is to achieve operational excellence. Organization would be able to increase their efficiency and effectiveness of their operations with the facilitation of automation by the IS utilized. The second advantage that organizations can gain is improving customer supplier intimacy. This can be achieved by using the IS in different department to communicate with different stakeholders, and further enhance the relationship with them. Thirdly, automation provided by the IS can also enable firms to produce and develop new products and services. Furthermore, organization can change or develop their business model as well. With the updated information stored in IS, organizations are able to make decision in time to overcome certain crisis. Hence, the organizations are able to survive longer in the business world, or even develop their own competitive advantage through IS.. Advantages mentioned above are crucial for a business organization, especially during hard times with intense competition. Human resource information system (HRIS) refers to the information system utilized by organization in supporting the function of human resource, including staffing, training, storing data, and other functions. This research will eventually provide company with suggestions towards the role and importance of HRIS towards the relationship between SHRM and HR department performance.

This research will also be benefiting future researchers in their academic work where they will be able to understand the relationship between the three variables including the HRIS, SHRM practices and department performance. With the help of this research, they should be able to produce a more overwhelming research in the future with more arguments.

In terms of contribution to government, this research may be taken as information to support training information in the training session. Government department will be able to utilize the information to conduct training session to train the public sector servants in order to improve their SHRM practices, with the help of HRIS, and thus improving in their department performance.

1.5 Scope of the Study

The focus the study will be organization adopting HRIS in their SHRM within Malaysia, mainly manufacturers. Manufacturers are selected as the unit of analysis as they are expected to have an independent HR department in the firms in view as compared to other smaller firms. Besides, the questionnaires will be given to HR managers or HR practitioners in the organization in order to have a more persuasive result. Geographically, this study will be focusing on the states of Selangor. The reason for selecting this location is that Selangor is one of states which is crowded by manufacturers and the industrial areas. Industrial areas such as Subang Jaya and Shah Alam can be easily accessed, in view of the time limitation for this research.

A sample size of 300 were distributed with 100 valid sample size is set as target for this research. However, only 80 of the responses collected were valid to be used for this study. One of the main issues encountered while conducting the survey was that the unit of analysis had their emails settings being set to automatically block or filter emails sent via general email such as Hotmail, Gmail and Yahooemail.