

Human Resource Practices and Product Innovativeness in Selected Manufacturing Company in Rivers State, Nigeria

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Abstract

This work examined human resource practices and product innovativeness in manufacturing firms in Port Harcourt, Rivers State. For the purposes of this work six hypotheses were raised, and questionnaire was designed to enable the researcher obtain the information required to test the raised hypotheses. Two Hundred and thirty (230) structured questionnaire copy using five (5) point Likert Scale were administered to respondents in the selected manufacturing firms. Out of which 226 were successfully retrieved, however, only 224 were accurately completed representing a respondent rate of 97%. These formulated hypotheses were tested using Spearman's Rank Order Correlation Coefficient Statistical tool. The outcome of the test revealed that there is significant relationship between the dimensions of human resource practices (recruitment, career management, and performance appraisal) and product innovativeness. Based on these observations from the results of the hypotheses the study concluded that human resource practices in organisations are essential, and has impact on product innovativeness. Based on the findings it was recommended that manufacturing industry decision makers should put more effort in ensuring their human resource practice is properly administered and the processes of recruitment is standardized, devoid of bias or prejudice with an intent to uphold competence of required skills and available vacancy, they should also recognise relevance of employee career management and deal thoroughly with it so as to always provide the organisation with the right set of employees at each given time.

Keyword: *Human Resource Practices, Recruitment, Career management, Performance appraisal and Product innovativeness*

Introduction

In recent years firms are considering the adoption of new work practices, such as problem-solving teams enhancing communication with workers, employment security, flexibility in job assignment, training workers for multiple jobs, greater reliance on incentive pay etc., it was however also noted that HRM is moving away from traditional personnel administrative, and transactional roles, which are increasingly outsourced, it is now expected to add value to the strategic utilization of employees and that employee's programs impact the business in measurable ways.

According to Harter, Schmidt, and Hayes (2002), as cited by Tan and Nasurdin, (2011), HR practices can generate increased knowledge, motivation, synergy, and commitment of a firm's employees, resulting in a source of sustained competitive advantage for the firm. However, a number of authors, such as Hilsop (2003), Morrow and McElroy (2003), and Moynihan,

Gardner, Park, and Wright (2001) have argued on the missing link between *HR* practices and organization outcomes. The author argued the more research needs to concentrate on the indirect relationship between *HR* practices and organizational innovation. *HR* practices set the tone and condition of the employer-employee relationship which can encourage the employees to become more innovative (Rousseau & Greller, 1994). If *HR* practices properly realigned, it will play an energetic role in contributing to the management of organizational knowledge, and innovation will be realized through the ability to use the knowledge to identify and pursue the opportunity. Hitherto, It has been accepted by researchers, scholars and practitioners that effective human resource (HR) practices are significant in extracting positive work behaviours among employees, which consecutively lead to organizational innovativeness (Damampour & Gopalakrishnan, 2008; Tan & Nasurdin, 2011) According to Harter, Schmidt, and Hayes (2002), *HR* practices can generate increased knowledge, motivation, synergy, and commitment of a firm's employees, resulting in a source of sustained competitive advantage for the firm.

Hence, innovation is defined broadly to include changes in products, production processes, marketing approaches or organizational practices. The basic requirement for any of these changes to be regarded as innovative is that newness to the firm. There is also a heavy bias towards technological product and process innovation in existing literatures.

Statement of the Problem

The world economic order is changing rapidly; evolutionary changes are taking place at revolutionary speed, largely pushed by strong external forces, arising out of a desire to increasing competitiveness and efficiency. However researchers opined that, liberalization and audacious economic changes marked by the government terrified many challenges and opportunities to the industry with explosion (information technology, increased global competition, rapidly changing market deregulation), etc. Not surprising, therefore, the HR concepts and practices that are created, approved and accepted today are also increasingly different from those of the past. Furthermore, the inability of Nigeria manufacturing companies in recent years to developing an innovative culture has proved to be a significant challenge. However, the debris of dilapidated manufacturing concerns across the country is tied to the outcome of years of harsh operating conditions, policy somersault, and funding. This has made 30 percent of industries in Nigeria to closed down, about 60 percent are ailing companies and only 10 percent operate at sustainable level". The acting director-general of MAN (manufacturers association of Nigeria) emphasized that low capacity utilization has undermined the competitiveness of manufacturing industries, whose fortunes have been worsened by low innovativeness and the impact of globalization, ONUGU (2005).

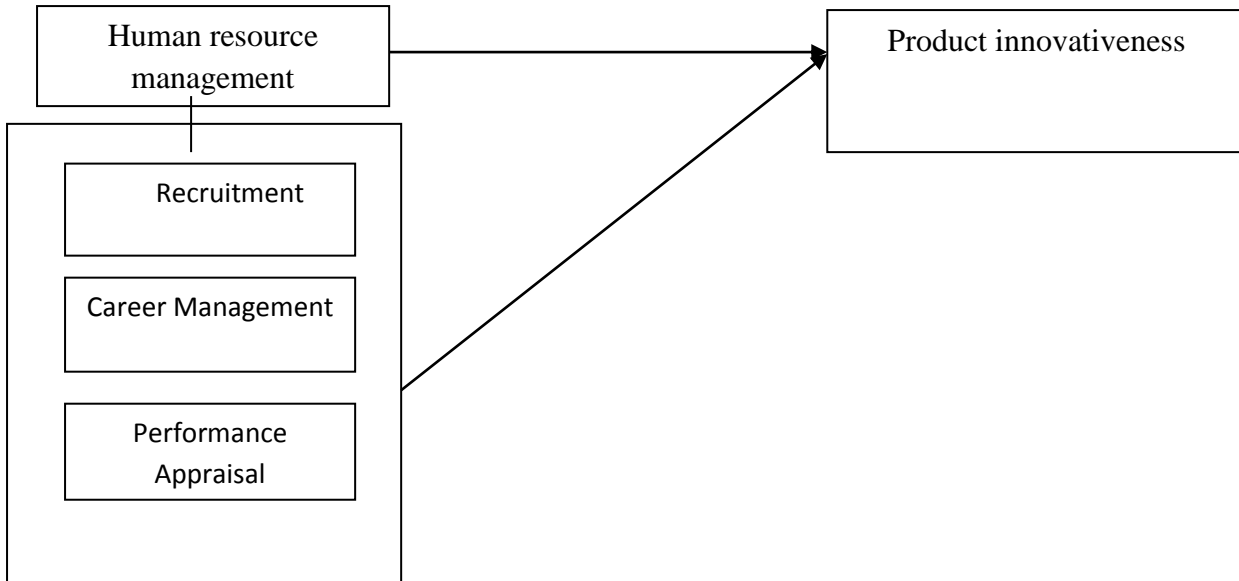


Fig. 1: Conceptual framework for the relationship between human resource practices and product innovativeness

Source: Desk Research, 2017

The main purpose of this study is to investigate the relationship between human resource practices and product innovation, while the objective of the study is:

1. to determine the relationship between recruitment and product innovativeness in manufacturing companies in Port Harcourt, Rivers State
2. To determine the relationship between recruitment and product innovativeness in manufacturing companies in Port Harcourt, Rivers State
3. To determine the relationship between performance appraisal and product innovativeness in manufacturing companies in Port Harcourt, Rivers State
4. To determine the relationship between performance appraisal and product innovativeness in manufacturing companies in Port Harcourt, Rivers State
5. To determine the relationship between career management and product innovativeness in manufacturing companies in Port Harcourt, Rivers State
6. To determine the relationship between career management and product innovativeness in manufacturing companies in Port Harcourt, Rivers State

Research Question:

1. To what extend does recruitment relate with product innovativeness in manufacturing companies in Port Harcourt, Rivers State
2. To what extend does recruitment relate with product innovativeness in manufacturing companies in Port Harcourt, Rivers State
3. To what extend does performance appraisal relate with product innovativeness innovation in manufacturing companies in Port Harcourt, Rivers State
4. To what extend does performance appraisal relate with product innovativeness in manufacturing companies in Port Harcourt, Rivers State
5. To what extend does career management relate with product innovativeness in manufacturing companies in Port Harcourt, Rivers State
6. To what extend does career management relate with product innovativeness in manufacturing companies in Port Harcourt, Rivers State.

Literature Review

Theoretical framework

This part deals with review of related literatures from views, opinions and contributions of scholars, experts, and philosophers of the study area, (human resource practices and innovativeness, hence discusses the supporting theories of the study variable. The baseline theory used for this work is the contingency theory, also known as best fit, because there is no common prescription of *HR* practices. It is all contingent on the organization's context, culture and its business strategy.

Human Resource Practices:

As the world is becoming more competitive and unstable than ever before, manufacturing-based industries are seeking to gain competitive advantage at all cost and are turning to more innovative sources through human resource practice, practically, Human Resource (HR) tasks are majorly concern with the administrative activities such as recruitment, reward systems, promotion, etc. This explains the fact that it does not make HR administrators 'having a seat at the table' rather it implies that HR administrators are not regarded as a strategic business partner, therefore does not seem to contribute to the success of the business. However, *HR* practices have been defined in several aspects by several scholars, practitioners, and philosophers. Schulerm Jackson and Storey J. (2001) defined *HR* practices as a system that attracts, develops, motivates, and retains employees to ensure effective implementation and survival of organization and its members. It is also conceptualized as a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital contribute to the achievement of its business objectives (Delery & Doty, 1996). Similarly, Minbaeva (2005) sees *HR* practices as a set of practices used by organization to manage human resources through facilitating the development of competencies that are firm specific, adding that it produce complex social relation and generate organization knowledge to sustain competitive advantage, this implies that *HR* practices describe the specific practices, formal policies, and philosophies designed to attract, develop, motivate, and retain employees who ensure the smooth functioning and existence of the organization. Furthermore, the term (HR Practice) as "a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques"; while Belderbos, R.C.M., Lokshin, B., 2004 see *HRP* as "activities designed to provide for and coordinate the human resources of an organization." Emphasizing that it evolves into an increasing means of competitive advantage for manufacturing companies; noting that its greater importance is being placed on an organization's ability to manage human resource innovations. They further noted that Human resource management practices comprise of a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of any organization and its members.

Recruitment

Recruitment involves attracting, employing and obtaining appropriate and competent applicants/candidates through external sourcing (Sparrow, Schuler & Jackson, 1994). Recruitment gives greater importance to be attached to fit between person and company culture. Hence, the high level of implementation of recruitment that attaches individual – organizational fit is likely to result in high organizational innovation. Recruitment refers to the set of activities and processes legally used to attract adequate number of qualified people at the right place and time. Stating that, the recruitment process provides organisations with

pool of potentially qualified job seekers/applicants from which selection will be done to fill vacancies.

Career Management

Research illustrate that the “dynamics of life and the speed with which the world changes within the organization assume the existence of competent social actors, capable of performance, knowledgeable, devoted to their profession and institution, loyal and moral, honest, adaptable, tolerant, healthy and optimistic must responded by career management(Olivia, 2015).Adding that, Career management is a key factor for accomplishing both personal goals and organizational goals .Many companies sees career management as important to contemporary HRM practice and they assist employees to manage careers. Its importance has made some organisations to pay attention to the establishment and implementation of career management programs, such that individuals can also develop themselves without waiting for career development support from their organizations. Individual career management (also referred to as career self-management) has been noted as important to employee’s career success. Career Management is a concept that has been debated in organizations for years, Mohmad (2014). It ensures others know about you and your value. Although Career management is one of the five phases of career development planning, it is the combination of structured planning and the active management choice of one’s own professional career. The outcome of successful career management should include personal fulfillment, work life balance, goal achievement and financial security. A career includes all types of employment ranging from semi-skilled through skilled, semi-professional to professional. Richard (2002) has it that successful career management is accomplished through regular habits of building relationships, engaging in career development conversations, updating your career development plan, and setting new goals as life and career needs change. Career management is the process by which individuals collect information about values, interests, and skill strengths and weaknesses, identify a career goal, and engage in career strategies that increase the probability that career goals will be achieved. The career management process involves career exploration, development of career goals, and use of career strategies to obtain career goals.

Performance Appraisal

This is a process by which organisations/parastatals examines and evaluates its employees work behaviour by comparing it with preset standards. The performance communication process is essential for promoting personal success and fostering a collaborative culture in an organization. Discussions about performance help supervisors gain insights into their employees’ strengths and abilities and allow them to recognize achievements and evaluate job progress. Feedbacks from this process aids to the development of effective training programs to further expand knowledge and skills. it is a systematic evaluation of an individual with respect to performance on the job and individuals potential for development, it is a formal, structured system of measuring, evaluating job related behaviours and outcomes to discover reasons of performance and how to perform effectively in future so that employee, organization and society all benefits. Through performance Appraisal, the process, product and administrative innovation can actually enhance.

Product Innovativeness

Most Literatures review has classified innovativeness into 2 major types, namely: technological innovation, and administrative innovation, Tan & Nasuridin (2011). It was further categorized technological innovation into secondary dimensions, product and process innovation, while administrative innovation was distinct from the other two. However it is

believed by researchers Product innovation is defined as the development and commercialization of new product to create value and meet the needs of the external user or the needs of the market (Damanpour & Gopalakrishnan, 2008). It is a logical work process drawn upon existing knowledge gained from research and practical experiences directed towards production of new materials, products and devices, including prototypes. Since manufacturing firms operate in the highly complex environment on the basis of internal operations efficiency and effectiveness, product innovation, process innovation and administrative innovation can be considered as the pivotal sources of competitive advantage.

1. Product innovation
2. Process innovation
3. Administrative innovation

Product Innovation:

Damanpour & Gopalakrishnan (2008) defined product innovation as the development and commercialization of new product to create value and meet the needs of the external user or the needs of the market. Product innovation is systematic work process which draws upon existing knowledge gained from research and practical experiences directed towards the production of new materials, products and devices.

Hr Practices and Product Innovativeness

Resource-based view (RBV) and Ability, Motivation and Opportunity (AMO) theory appear to be the most popular theories applied in the studies that link HRM and performance it was however argued that human resource is one of the organization's resources, a subset of which enable them to achieve a competitive advantage, and a subset of those that lead to superior long-term performance (Barney, 1995). The AMO theory illustrates that when employees are motivated, they are likely to perform better, leading to higher firm performance, HRM practices play an influential role in motivating employees to exhibit favorable attitudes and behaviors, which are required to support and implement the competitive strategy of an organization (Hiltrop, 1996). To some innovative firms treat HRM practices as the organization's strategy to encourage team responsibilities, enhance organizational culture, and build up customer relationships through participation and empowerment which will help to create and market new products and services (Gupta & Singhal, 1993). This implies that when firms develop and introduce new product, they require innovative and creative employees, who are flexible, risk taking, and tolerant of uncertainty and ambiguity. These employees are highly recognized in manufacturing industries as they contribute to firm on the basis of market responsiveness, and product innovation. Therefore, it is important for a firm to implement supportive a process that can motivate and stimulate employees to be innovative in product.

However, in the cause of this study the following hypothesis were postulated for validation or refutation during the study.

- Ho1:** there is no significant relationship between recruitment and Product innovativeness in manufacturing companies in Port Harcourt, Rivers State
- Ho2:** there is no significant relationship between recruitment and Process innovativeness in manufacturing companies in Port Harcourt, Rivers State
- Ho3:** there is no significant relationship between Performance Appraisal and Product innovativeness in manufacturing companies in Port Harcourt, Rivers State
- Ho4:** there is no significant relationship between Performance Appraisal and Product innovativeness in manufacturing companies in Port Harcourt, Rivers State

- Ho5:** there is no significant relationship between career management and Product innovativeness in manufacturing companies in Port Harcourt, Rivers State
- Ho6:** there is no significant relationship between career management and product innovativeness in manufacturing companies in Port Harcourt, Rivers State

Methodology

The design used for this study is quasi experimental. It is sometimes called the survey that constitutes a class of empirical studies with human beings which lacks the usual features of experimentation. The researcher adopted the cross-sectional survey which placed emphasis on the scientific generation of sample so that the members are representative of the population of interest.

The target population of this study consists of all manufacturing firm in Port Harcourt, Rivers State, Nigeria. However, the accessible population for the study includes four (4) selected manufacturing firms in Port Harcourt, Rivers State as shown below.

Selected Companies	Leaders per Company
Nigerian bottling company Ltd., Port Harcourt	189
Port Harcourt flour mills Ltd	156
General Agro Oil Ltd., port Harcourt	105
Nigerian Engineering works ltd., Port Harcourt	91
Total Population	541

Furthermore, the sample size for the study is obtained using the Taro Yamen 1970 model sampling formula thus:

$$n = \frac{N}{1 + N(e)^2}$$
$$n = \frac{541}{(1 + 541(0.0025))}$$
$$n = \frac{541}{2.2775}$$
$$n = 230$$

The crumbach alpha coefficient reliability test is used to test for reliability in this study. According to Bryman and Bell (2003) an alpha coefficient of 0.80 is generally accepted as a good level of internal reliability of the instrument, nevertheless an alpha level of 0.7 is also considered to be efficient (Sekaran, 2010).

Based on the calculated sample size 230 questionnaire copies were distributed out of this only 226 questionnaire were successfully retrieved, and only 224 copies were considered valid and usable for analysis; thus 224 respondents subsequently served as the representative sample at 97% degree level of success for this study.

Results and Discussion

Univariate Analysis of Research Variables

In this study the items on the survey questionnaire were analyzed using each item's mean, standard deviation, skewness and kurtosis, and the results are displayed.

The mean scores were used to indicate the centre point of the distribution, and since items were measured using a five (5) point Likert scale, mean scores ranged from one (1) to five (5), with a mean score of three (3) being considered as the midpoint. The implication is that mean scores approaching five (5) will be deemed high while mean scores approaching one (1) will be deemed low. Standard deviation was used to indicate the variability of scores around their corresponding means and finally, the minimum and maximum values were used to check for errors in data entry.

The Relationship between Recruitment and Product Innovation

		COMMITMENT	WORK ENVIRONMENT
RECRUITMENT	Pearson Correlation	1	.425**
	Sig. (2-tailed)		.000
	N	224	224
PRODUCT INNOVATION	Pearson Correlation	.425**	1
	Sig. (2-tailed)	.000	
	N	224	224

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output based on 2017 field survey data

Model Summary for the Relationship between recruitment and product innovation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.425 ^a	.212	.242	1.81540

a. Predictors: (Constant), RECRUITMENT

Source: SPSS output based on 2017 field survey data

The results presented above showed the correlation and model summary of recruitment and product innovation. It revealed that recruitment was moderate and positively correlated with product innovation with a correlation of $r = .425$ ($p < .000$). Specifically, the result ($R^2 = .212$; $p < .000$) suggest that recruitment accounts for 21.2% variance in product innovation. This suggests that an increase in recruitment is associated with increase in product innovation. Similarly, the null hypothesis one (H_0); *“There is no significant relationship between recruitment and product innovation”* was rejected.

Performance Appraisal and product Innovativeness

The descriptive statistics as displayed that employers in the manufacturing industry exhibited a high performance appraisal. The correlation analyses that performance appraisal has a significant and positive relationship with product innovativeness ($r = .250$, $p = .000$; $r = .524$, $p = .000$; $r = .522$). Particularly, with a correlation (r) value of .250, .524 and .522 the relationship between performance appraisal and product is weak. The study also revealed that the relationship between performance appraisal and product innovativeness is significant at p-values of .000. We therefore reject the stated hypothesis of no relationship.

The study found out that 1 unit increase in performance appraisal of the employees accounts for a .062 unit increase in product innovation. In other words, since performance appraisal is positively related to product innovativeness, any improvement in the performance appraisal of the employees in the manufacturing industries it will cause their product innovation to increase by 6.2%.

Career Management and Innovativeness

The correlation analyses stipulated showed that career management has a significant and positive relationship with innovativeness ($r = .518$, $p = .000$; $r = .533$, $p = .000$; $r = .540$, $p =$

.000). The study also revealed that the relationship between career management and innovativeness is significant at p-values of .000 thus the hypothesis which says there is no significant relationship is rejected.

Discussion of Findings

Studies from several scholars on the role of human resources management in an organization described human resource as the reason behind the success of any organization. This is because of the important role human resource play towards the attainment of the organizational objectives; it becomes the most valued assets organizations possess. This is because intellectual asset endowed in human who enables employee to be intuitive and conceptual towards the development of ideas that makes the organization to become innovative. Therefore, through human resources management programmes designed to sharpen employee's performance this human resources could be optimally utilized.

In order to fully understand human resources management in the context of the Nigerian manufacturing companies, this study examined the association between the human resources management and innovativeness, using recruitment, performance appraisal and career development as the dimensions of human resources management.

Conclusion

We therefore conclude by saying that, it is important to note that employees are an organization's most important asset and as such they need to be managed in a manner that will ensure that they achieve their full potential. Therefore ensuring proper human resources practice there is need to the right processes to be adopted in recruitment, appraising and in managing the career path of every employee so that they can be optimally utilized to exhibit their innovative potential for the innovative display the industry offer to its target audience and competitor. This is important because the employees are the architects of organizational success and viability.

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