

# Human Resources, Financial Resources and Strategic Performance: Organisational Policy as Moderator

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## Abstract

*The paper examined the direct relationship and the moderating effect of organizational policy in the relationship between human resources, financial resources and strategic performance. The survey method was used to collect data from employees of all the four multinational firms operating in the mobile telecommunication sector in Nigeria. Quantitative method was used to analyse resultant data. The results suggest that human resources and financial resources contributes positively and significantly to strategic performance. Additionally, organizational policy moderates the relationship between human resources, financial resources and strategic performance. The data used were collected from mobile telecommunication firms in Nigeria which limits the generalization of these findings beyond this context. Future studies should explore tangible, intangible resources and capabilities in other sectors such as manufacturing, financial institutions among others, and in other countries. Drawing on the resource-based view and the contingency perspective, the study provides useful insights on the moderating effect of organisational policy in the relationship between human resources, financial resources and strategic performance in the African context.*

**Keywords:** human resources; financial resources; strategic performance; resource-based view; organisational policy.

## 1. Introduction

In recent years, firms are faced with the challenges posed by intense competition, globalization and technological development. In this context, efficient utilization of human resources and financial resources can allow firms to adapt to such conditions. In some countries, such as Nigeria, where the business environment is volatile and relatively unpredictable, managers need to optimize their human resources and financial resources to adapt to unprecedented changes. Human resources (Rose & Kumar, 2007; Adner & Helfat, 2003) and financial resources are important resources that enable a firm to deliver superior business performance. Arguably, human resources coordinate other types of resources. Firms with strong financial resources have the capability to acquire other strategic resources or assets that can give them a competitive edge, if they are well managed. Human resource strategic management refer to a firm's ability to use its people to create competitiveness and achieve strategic objectives. Prior studies show that human resources could have a positive impact on firm performance in dynamic environments (Morgan et al., 2004; Datta et al., 2005; Ainuddin et al., 2007; Sorooshian et al., 2010; Ologunde et al., 2015). Most of these studies used financial indicators to measure performance (e.g., Sorooshian et al., 2010; Ologunde et al., 2015). Financial resources such as cash-in-hand, bank deposits and/or savings and financial capital (e.g. stocks and shares) also help to explain firm performance (Ainuddin et al., 2007; Morgan et al., 2004). Some empirical evidence in the literature found a positive relationship between financial resources and performance (e.g., Othman et al., 2015; Adomako & Danso, 2014). Nonetheless, the findings into the possible connection between human resources and financial resources have not been fully examined in term of its impact on strategic performance. Arguably, there is a direct relationship between human resources, financial resour-

ces and strategic performance. Additionally, the authors propose that firms need to develop and implement robust organisational policies to enable them effectively use their human and financial resources. In so doing, they can achieve better strategic performance. Specifically, the moderating role of organisational policy in the relationship between human resources, financial resources and strategic performance is relatively unclear. The authors argue that the relationship between human resources, financial resources and strategic performance may depend on the policies of the organisation. Guidelines, rules, and procedures support the optimization of human resources, and financial resources, which in turn impact positively on strategic performance. In the light of the above, organisational policy is introduced as a moderator in this study. Contextually, the study focuses on multinational firms operating in the mobile telecommunication sector in Nigeria. The mobile telecommunication sector contributed 9.13 percent to Nigeria's Gross Domestic Product, (GDP) in 2016 (Nigerian Communications Commission, 2017), and attracted highest foreign direct investment \$35 billion (NCC, 2017). The authors attempt to fill the gap in the literature by exploring the direct relationship between human resources, financial resources and strategic performance, and the moderating role of organisational policy in the relationship in multinational firms operating in the mobile telecommunications sector in Nigeria. In fact, few studies have examined human resources, financial resources and strategic performance in the multinational mobile telecommunication sector in the Nigeria context. In this study, the authors used strategic performance to operationalize performance (Santos & Brito, 2012). Moreso, in the developed economies where some studies have been done, no study has explored the moderating role of organizational policy in the relationship between human resources, financial resources and strategic performance in multinational firms operating in the mobile telecommunication industry.