A RELATIONSHIP BETWEEN E-HRM PRACTICES AND ORGANISATION EFFECTIVENESS

PRIYA. A
Full Time Research Scholar (Ph.D.),
Department of Commerce,
Presidency College, Chennai.

Dr. G. RAVI
Assistant Professor,
Department of Commerce,
Presidency College, Chennai.

Abstract

Electronic human resource management (e-HRM) provides the information required to manage HR processes. These may be core employee database and payroll systems but can be extended to include such systems as e-recruitment, e-learning, performance management and reward system. The system may be web-based, enabling access to remote or online and at any time. This paper aims at finding out the relationship between the e-HRM practices and organization effectiveness in IT companies in Chennai city.

I. INTRODUCTION

The HR function of an organization is responsible for complying with the HR needs of the organization. As with other business functions, strategies, policies and practices have to be implemented to ensure smooth operation of the organization and prepare the organization in such a way that smooth operation can be guaranteed in the future. Using e-HRM technology is a way of implementing these HR strategies, policies and practices. The e-HRM technology supports the HR function to comply with the HR needs of the organization through web-technology-based channels (Ruèl et al.; 2004). The e-HRM technology provides a portal which enables managers, employees and HR professionals to view, extract, or alter information which is necessary for managing the HR of the organization.

“With e-HRM, managers can access relevant information and data, conduct analyses, make decisions, and communicate with others - and they can do this without consulting an HR professional unless they choose to do so. For example, a manager who wants to make a merit pay decision may access files containing text, audio, and video describing how best to make the decision. Then, the manager can access the data file containing information on his/her employees. With a click of the mouse, the decision is recorded and other departments such as finance are notified. Hours of processing are reduced to minutes, and much paperwork is avoided by the use of this technology (Lengnick-Hall & Moritz; 2003, p. 366).”

“With e-HRM employees control their own personal information. They can update records when their situations change and make many decisions on their own, consulting HR professionals only when they deem it necessary. For example, an employee who wishes to increase investments in a retirement plan can do so from work or home using the Internet. Employees may also, for example, participate in a training program at home after working hours (Bell, 2006).”
"For the HR function, e-HRM has the potential to affect both efficiency and effectiveness. Efficiency can be affected by reducing cycle times for processing paperwork, increasing data accuracy, and reducing HR staff. Effectiveness can be affected by improving the capabilities of both managers and employees to make better, timelier decisions. E-HRM also provides the HR function the opportunity to create new avenues for contributing to organizational effectiveness through such means as knowledge management and the creation of intellectual and social capital (Keebler, 2002)."

The use of e-HRM technology, as it is a way to implement HR strategies, policies and practices, is expected to have an impact on how the HR function operates. Moreover, it is aimed to improve the HR system. The impact of e-HRM technology on the HR system however, is expected to be dependent on the way the technology is used. It is dependent on what and how the technology supports the HR function but also on how the technology is constructed. This is on its turn affected by what the organization is trying to achieve with the technology, or in other words, what the e-HRM goals of the organization are. The e-HRM goals and the actual use of the e-HRM technology thus have an impact on the HR system. Therefore, these aspects will all be considered during this research.

**Literature Review**

As mentioned in the introduction, the investments to implement e-HRM technologies are high. Organisations thus have reasons to implement these technologies otherwise the investments would not be justifiable. What are organisations trying to achieve with these technologies? What are the goals of the implementation of e-HRM technologies?

Organisations strive for different goals to be achieved with the implementation of e-HRM technologies. For recruitment, organisations are utilising their own web sites ever better because of the rising costs of web advertising and decreasing ease of finding qualified applicants (Cober et al.; 2004).

HR professionals are enabled to spend more time on strategic aspects of HRM when are freed from administrative day-to-day activities. Other organisations strive for a better overall financial performance (Buckley et al.; 2004).

A typical argument for the adoption of e-HRM technologies is: “Use e-HRM and your organisation can reduce process and administration costs. Fewer HR professionals are needed because eHRM eliminates the “HR middleman”. Furthermore, e-HRM speeds up transaction processing, reduces information errors, and improves the tracking and control of HR actions. Thus e-HRM improves service delivery. (Lawler, 2005).”

"Some statistics used to justify the investments made in e-HRM technologies are for example the average cost of an HR transaction, number of inquiries to the service centre, cycle times, headcount changes in the HR department and financial metrics such as ROI and the duration of the payback period, but also measures of employee satisfaction (HR Focus; 2002).

These four pressures are reduced by (kovach, 2002) to three types of goals for the adoption of e-HRM technologies to improve the HR system. However, in the case study conducted within five international companies by the same authors, a fourth type of goal was found. The companies involved in the case study had chosen standardisation and harmonization of HR policies and practices as a condition for globalisation. Globalisation was a driver for centralising HR
policies responsibilities at company headquarters, while responsibilities for applying HR responsibilities were actually decentralised. e-HRM can be of support in integrating the dispersed HR function. The four types of goals for organisations making steps towards e-HRM are

- Cost reduction / efficiency gains
- Client service improvement / facilitating management and employees
- Improving the strategic orientation of HRM
- Allowing integration of a dispersed HR function (of different organizational units or entire organizations).

**Objective of this Research**

As mentioned earlier, organizations have in recent years heavily invested in IT for the support of different business functions. The HR functions of organizations are no exception. IT has been developed for the support of different parts of the HR function. The use of these technologies has however preceded the scientific research about the impact of these technologies. It is therefore not clear what the impact of some of these technologies is. This is also the case for the use of e-HRM to support the HR function. There are a lot of aspects of e-HRM that remain unclear. However, the goals for implementing e-HRM are aimed at the improvement of the HR system of the organization. It is therefore expected that the use of e-HRM technologies has an impact on the performance of the HR system, but also on the structure and characteristics of the HR function.

The objective of this research is therefore formulated as:

1. The development of a framework for measuring the effectiveness of e-HRM, and the application of the framework within IT companies in Chennai city.

**Research Methodology**

This research is largely exploratory in nature since the concept of e-HRM is relatively new especially with reference to the Indian scenario. The research is supported by quantitative analysis and findings. As per the survey conducted, 245 IT companies are there in and around Chennai city. Among them, sampling unit of top 10 IT companies in Chennai is taken.

The researcher had circulated 60 questionnaires to all the three level of employees in each of the top 10 IT companies by the way of Google survey and manual copies. Among the 600 questionnaires the researcher received 585 back and found 33 were unfit for the study. So the researcher had taken up 552 data for the study. The research instruments used were questionnaire and interviews. Questionnaires were forwarded and responses obtained from the sample units.

It was mentioned in the questionnaire that the identity of the respondents would be kept confidential. Interview method was also used to collect data. The interviewees were briefed about the purpose of the interview and its scope in advance so that they would be ready with the necessary details and data. This approach was adopted to overcome the time constraint since all the respondents were executives in companies holding crucial positions and having limited time to spare. In conducting these interviews a structured interview approach was used to avoid wastage of time.

A focused interview approach was also used to gain an in-depth insight into the issue of concern and to gain a wider perspective on the subject of study. In certain cases it was not possible to meet the respondents personally so that the researcher had to depend upon telephonic interviews.
The broad framework of the research design incorporated aspects pertaining to the possible drivers for introducing e-technology to the HR systems, the barriers to progress in the e-HRM journey, usage of e-technology for the various HR functions, usage of HR Service delivery tools like ESS and MSS, nature of sourcing solutions adopted by companies for enabling e-technology to HR systems, perception of respondents on a five point scale regarding their company’s position in the e-HRM journey, expectation of respondents with reference to the e-HRM system being successful in satisfying employees in their HR needs, expectation of respondents w.r.t. the benefits from e-HRM justifying the expenditure incurred on the same and opinion of respondents on various aspects of the e-HRM functioning.

Regression Analysis
Influence of e-HRM practices over outcome of e-HRM practices
The factor analysis by a principal component method derived three factors of e-HRM practices namely organizational development, Team management, motivation & retention. In this case, e-HRM practices are considered as independent variables and outcome are considered as a dependent variable. Therefore, a linear multiple regression analysis is applied to independent and dependent factors and the following results are obtained.

Influence of e-HRM practices on outcome-1. Organizational development
The application of regression analysis on e-HRM practices and dependent factor outcome 1 derived the following result.

Table 1.1 Regression analyses of practices on outcome

<table>
<thead>
<tr>
<th>Co-efficienta</th>
<th>ANOVA</th>
<th>Regression</th>
<th>Presidency College</th>
<th>Un-standardized Co-efficient</th>
<th>Presidency College</th>
<th>Standardized Co-efficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>95.588</td>
<td>(Constant)</td>
<td>.153</td>
<td>1.563</td>
<td>.153</td>
<td>10.207</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
<td>Report analysis</td>
<td>.035</td>
<td>.338</td>
<td>.035</td>
<td>9.579</td>
</tr>
<tr>
<td>R square</td>
<td>.344</td>
<td>People management</td>
<td>.029</td>
<td>- .020</td>
<td>.029</td>
<td>- .700</td>
</tr>
<tr>
<td>Segregation &amp; Retention</td>
<td>.276</td>
<td>.029</td>
<td>.352</td>
<td>9.366</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Computer data

The above-consolidated table initiates that R2 = 0.344, it is implied that e-HRM practices create 34.4% create influence on the outcome 1-factor organizational development. It is found that F=95.588, P= 0.000 are statistically significant @ 5% level. This implies there is a very good relationship that exists between e-HRM practices and outcome. The individual influence of the e-HRM practices is also determined in coefficient table. It is initiate that standardized coefficient (β=0.370, t=9.579, P=0.000), e-HRM practices 3 (β= 0.352, t=9.366, P=0.000) are statistically significant @ 5% level. Therefore, it can be concluded that Organizational development is a way to improve companies’ portfolio through the change process. Organizational Development provides an emphasis on performance and result to bridge the gap between theory and practice Martin, G. & S. Hetrick (2005).

Influence of e-HRM practices on outcome-2. Team management
The application of regression analysis on e-HRM practices and dependent factor outcome 2 derived the following result.
Table 1.2 Regression analysis of practices on outcome

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>1.848</td>
<td>.184</td>
<td></td>
<td>10.055</td>
</tr>
<tr>
<td>Report analysis</td>
<td>.082</td>
<td>.042</td>
<td></td>
<td>1.930</td>
</tr>
<tr>
<td>People management</td>
<td>.108</td>
<td>.034</td>
<td></td>
<td>3.136</td>
</tr>
<tr>
<td>Segregation &amp; Retention</td>
<td>.297</td>
<td>.035</td>
<td></td>
<td>8.393</td>
</tr>
</tbody>
</table>

Source: computer data

From the consolidated above table it is found that R² = 0.196, it is implying that e-HRM practices create 19.6% create influence on the outcome 2-factor Team management. It is originate that F=44.461, P= 0.000 are statistically significant @ 5% level. This implies there is a very good relationship that exists between e-HRM practices and outcome. The individual influence of the e-HRM practices is also determined in the coefficient table. It is establish that standardized coefficient (β=0.129, t=3.136, P=0.002), e-HRM practices 3 (β= 0.349, t=8.393, P=0.000) are statistically significant @ 5% level. Therefore, it can be concluded that E-HRM is also known as “the application of any technology enabling managers and employees to have direct access to HR and other workplace services for performance reporting, team management, knowledge management. In addition to administrative applications” (Watson Wyatt 2006: 43).

Influence of e-HRM practices on outcome-3.

Motivation & Retention

The application of regression analysis on e-HRM practices and dependent factor outcome 3 derived the following result.

Table 1.3 Regression analysis of practices on outcome

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>2.086</td>
<td>.191</td>
<td></td>
<td>10.895</td>
</tr>
<tr>
<td>Report analysis</td>
<td>.038</td>
<td>.044</td>
<td></td>
<td>.866</td>
</tr>
<tr>
<td>People management</td>
<td>.037</td>
<td>.036</td>
<td></td>
<td>.043</td>
</tr>
<tr>
<td>Segregation &amp; Retention</td>
<td>.339</td>
<td>.037</td>
<td></td>
<td>.387</td>
</tr>
</tbody>
</table>

Source: Computer data
The above consolidated table found that R² = 0.173, it is implying that e-HRM practices create 17.3% create influence on the outcome 3-factor Motivation & Retention. It is establish that F=38.203, P= 0.000 are statistically significant @ 5% level. This implies there is a very good relationship that exists between e-HRM practices and outcome. The individual influence of the e-HRM practices is also determined in the coefficient table.

It is initiate that standardized coefficient (β=0.387, t=9.186, P=0.00), e-HRM practices 3 (β= 0.038, t=0.866, P=0.387) are statistically significant @ 5% level. Therefore, it can be concluded that (ferris,1999) augured that human resource management is the process of planning, organizing, pointing, enlargement, reimbursement, assimilation, stimulus and retaining of the human resource so that individual, organizational, and public goals are accomplished.

II. CONCLUSION

Any e-HRM installation exercise if taken up in the right perspective, keeping all the challenges in mind can take an organization a long way towards success. In companies which have successfully tackled these challenges e-HRM has made life easier for employees. Not to mention the enhancement in speed and efficiency of Human Resource transactions, lesser paperwork and cost effectiveness in the long run. Increased transparency in functions and a total systems approach has facilitated better control by top management. Some of the considerations for enhancing the effectiveness of e-HR systems include – Creating an effective e-Statement, Standardizing and Centralizing HR administration in an in-house service center, Assessing and ensuring the flexibility of the e-HR technology, e-Recruitment, e-Retirement, Developing Data-mining tools and others.

The fact remains that e-HRM enables better management of every enterprise’s most important competitive edge: the thinking, idea-generating, customer-serving human resource. E-HRM eliminates redundant activities, provides more accurate and timely personnel information and – perhaps most important – automates the time-consuming, error-prone Human Resource paper trail. It leaves Human Resource professionals with more time to focus on strategic tasks and manage better the company’s most important resource- its people.

III. REFERENCE

5) HR Focus (2002), Three new surveys track the growth of e-HR, HR Focus, Vol. 79, No. 4, P. 4-6
6) Keebler, T.J. & D.W. Rhodes (2002), E-HR: Becoming the "path of least resistance".
Employment Relations Today, summer, P. 57-66


10) Martin, G. & S. Hetrick (2005), Corporate reputations, branding and people management; A strategic approach to HR, Elsevier, Oxford
