Impact of E-HR in Indian environment
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Abstract: Purpose: This paper attempts to investigate the transformation in the role of the HR function in Indian firms, as a result of the use of Internet and technology.
Design/methodology/approach: The paper is based on both quantitative and qualitative methodology. A survey and focus groups took place in order to meet research objectives.
Findings: This paper examines and discusses the development of e-HR use in India and the reasons for adoption of e-HR practices focusing on strategy, process and HRM issues. Findings show that e-HR facilitates the transformation of HRM role into a more strategic one. Driving forces and critical success factors of e-HR adoption and implementation are identified and discussed.
Research limitations/implications: Limits its usefulness to countries that experience a stage of HRM professionalisation and technological development similar to that of India.
Practical implications: Identifies critical success factors in e-HR adoption as well as main problems associated with it.
Originality/value: Qualitative results provided by the focus groups give an illustrative picture of the companies presented.

Keywords: e-HR, HRM role, India

Introduction
The closing of the 20th century has given rise to a vast debate concerning the response of Human Resource Management to the changing external and internal environment of the firm [2]. The late 1990’s found the literature somehow settled on the necessity of strategic HRM, but concerned about the new roles that the HR function should adopt in order to meet contemporary organisational challenges [14]. The strategic role of the HR function means being involved in strategic planning from the outset and not only during the implementation phase and matching employee resources with business needs. This role is expected to occupy significantly more of the HR practitioner’s time in the future [1]. However, this does not mean that the administrative role will cease to exist, although there is an inherent tension between the outlook required for a strategic HR role and that of the HR specialist in a traditional role [5].

One of the important aspects of the changing environment especially relevant to management is the information revolution. According to [14], an emerging HR practice area that will require investment of time, talent and resources is leveraging technology. Technology comes to the rescue in reducing the tension between the strategic and administrative role, as it has advanced to the point where it can remove part of the administrative responsibility [7]. E-HR refers to conducting business transactions (and in particular HRM) using the Internet along with other technologies [10].

The purpose of the present study is to examine the use of e-HR in India, thus proposing a framework of analysis of e-HR systems in smaller countries. More specifically it aims at:

1. Examining the reasons for adoption of e-HR practices. The effects of e-HR adoption as well as problems associated with it will also be discussed.
2. Identifying critical success factors in e-HR adoption.
3. Discussing the manner in which e-HR shapes the role of HRM in the new economy, as well as the perceived effect of e-HR in the future of the HR profession.

The paper begins with a brief presentation of HRM in India, followed by a review of the notion of e-HR and its functions as they appear in the HRM literature. Then the methodology and the results of the quantitative and qualitative research are presented, as well as the relevant discussion.

Definition of e-HR
The term e-HR was first used in the 1990’s and refers to conducting Human Resource Management “transactions” using the Internet or an Intranet [10]. The term was inspired by the popular term of e-commerce, and wrongly adopted the “e-“ prefix, signifying “electronic”, even if e-HR is very specific to the use of the Net, so that a more accurate term would be “online HRM”.

E-HR aims at making information available to managers and employees at any time and anywhere. Currently, an e-HR system may include enterprise resource planning software (ERP), HR service centres, interactive voice response, manager and employee portals and web applications. So, a modern e-HR system allows employees to control their own personal information by updating records and making decisions, and allows managers to access information and data, conduct analyses, make decisions and communicate with others, without consulting the HR department.
E-HR Functions: what benefits do they bring?

E-HR can have an impact on every area of HRM. In this section we briefly discuss the effects of technology on six key HR processes, namely: (1) HR planning; (2) acquiring HR (recruitment and selection); (3) HR evaluation (performance appraisal); (4) communication; (5) rewarding HR (performance appraisal, compensation and benefits); (6) developing HR (training and development, career management). The reason for focusing only on the above services is that we consider them as the major areas of e-HR use. Moreover, this classification has already been applied to e-HR use in previous publications [8].

Evaluating Human Resources. E-HR allows the whole performance appraisal (PA) to be conducted on-line, on the corporate Intranet interface. This means that the manager and the employee are able to submit performance data directly to the HR department in electronic form. This practice, though criticised for the lack of written evidence, reduces paperwork and if read receipts for both supervisor and supervised are used, it can impressively decrease time and cost for the HR department. The self-service application allows managers to immediately enter PA results and employees to manage their performance goals and results and plan their performance on their personal HR page. It can also provide managers with information on how to conduct a PA, the specific criteria and measurements of given positions and roles as well as examples and models of effective appraisals [1].

Communication. The benefits of e-HR use in terms of communication are substantial. In its simplest form, e-HR includes the use of electronic mail for communication with the employee. The penetration rate of computer-mediated communication, mainly e-mail, is higher than 75% in corporate environments and e-mail has emerged as the communication medium of choice [6]. Intranet and e-forums have also altered corporate communication, allowing easy access to all kinds of information that management wants to transmit to employees and also easing upward communication.

E-HR and the Role of HRM

The shift from traditional HRM to e-HR practices gives rise to several effects on the role of HRM [10]. E-HR, apart from substantial reductions in cost and time and transition of administrative activities from the HR department to the employees themselves, can bring about an “increased emphasis on HR as a strategic business partner whose primary challenge is to recruit, develop and retain talented employees for the organisations” [8].

Firstly, a major effect of the shift from traditional HRM [13] to e-HR is that it enables HR employees to focus on more strategic, value-added activities. Less administrative and paperwork allows the HR professionals to develop other, more strategic functions of their profession [8]. On the other hand, this may also mean that with the use of e-HR, fewer HR professionals are needed, because e-HR eliminates the “HR middleman” [10]. Therefore, the effect of e-HR on the HR profession may be seen as both a threat and an opportunity.

Secondly, e-HR, through self-service, entails increased involvement of employees and managers in HR practices. The employees and general managers become savvier about HR practices and HR devolvement becomes a reality. This distributed knowledge poses the challenge for HR professionals to consistently keep up with new developments in their field, in order to maintain their advisory-consulting role.

Methodology

The research strategy followed was a combination of qualitative and quantitative methodology, which involved focus groups and questionnaires. Quantitative research was based on a descriptive questionnaire constructed for the purposes of the current research. This questionnaire was divided into two sections. The first one aimed at analyzing companies’ e-HR adoption and use and exploring associated benefits and obstacles. The second one was related to the perceived e-HR impact on the role of HRM.

Authors randomly selected 150 HRM Departments to which they sent a letter aiming at explaining the aims and objectives of the research and securing participation. Ninety-eight of them expressed their interest in the research and finally a total of 82 HR directors or officers agreed to participate. Members of the research team contacted each company’s personnel by meetings, telephonic interviews or through emails.
Analysis of Results

E-HR use and Reasons for adoption

From the 76 organisations in our sample, only 10.5% do not have a web page. In almost 80% of the cases, the rationale behind web page creation was to improve customer communication, product advertisement and public relations, while only a small percentage initially created the web page for recruiting purposes. Out of the 69 organisations that have a website, 54.8% use it for HR functions.

The HR area with the highest use of e-HR tools is that of internal communication. Second comes training and development, while HR planning, staffing and rewards represent around 30%. The lowest use is reported in the area of PA.

However, the respondents believe that the use of technology in various HR functions will become more widespread in the next two years. As shown in Figure 1, the anticipated increase is higher in the areas of PA and Training and Development. Also, it appears that the use of e-HR for communication purposes will decrease in the future. This can be attributed to the India environment, where the use of e-HR for communication purposes is already high. However, previous results from the CRANET study show that in the area of internal communications India firms lag behind firms in other countries, especially among non-managerial staff [4] It is a challenge for India HRM to improve communication and it seems that to achieve this it would be more valuable to adopt more traditional and less impersonal means, such as team briefings, given the problems with on-line communication that organizations experience, which include an increased likelihood of misunderstandings and miscommunication, among other things [8].

It is not surprising that the above challenges are reported as the main reasons for e-HR adoption. More specifically, the most popular reasons that our respondents gave for using the Internet as an HR tool were the facilitation of the recruitment process (advertising, CVs, applications) and its benefits for communication. Only 10% of the respondents reported cost effectiveness as a principal reason for e-HR use.

Non-users of e- The main reason is that they don’t see the benefit of its use (31.4%). 89.9% respond that although they use technology in order to communicate with customers and other stakeholders, they don’t see the usefulness of using it for HRM purposes. Security concerns seem to be an issue for 8% of non-users, while 12% give other justifications, like practical problems of web design or inconsistency with practices used.

Figure 2. shows the areas that benefit from the use of e-HR, according to the respondents. The most important gains are believed to be in time management, operating cost reduction and company image. It is interesting to note that 90.9% of the respondents who reported minimization of mistakes as a main benefit of e-HR use it for PA purposes, and 75% of those who think that e-HR contributes to employee development use technology in training and development. Moreover, all the respondents who think that time management is an advantage of e-HR currently apply e-HR tools in reward management, or are planning to use it within the next two years.

E-HR effect on the role of HRM: present and in last 10years

Figure 3. shows the number of sample 62.3% of people accept that due to involvement of e-HR they improved there services efficiency. Around 40% of employees now are accessing HRM more easily. 36% of the respondent says that in last 10years the cost of HR functioning reduced a lot and its credit goes to information technology and its applications. 75% people accept that communication within organization is improved a lot. Using e-HR information system of organization become developed and increased its resources.
E-HR adoption: Two of the participants clearly saw the benefits of e-HR and supported their future development. The third one argued that e-HR can certainly facilitate administration, but raised serious doubts about its expansion to other HR functions. They all agreed that e-HR adoption led to cost reduction and two of them said it facilitated decision-making.

HR professionals’ IT skills and management commitment were also identified as critical success factors in e-HR adoption and use, although all participants commented that HR professionals need more training in using e-systems adequately. More specifically, one participant said that ‘in general HR professionals haven’t associated their role with technology adoption and use’.

E-HR and the Role of HRM

It seems that the role of the HR function can be upgraded by e-HR adoption, as is a common perception between the respondents of our study. This perception is confirmed by the fact that, according to HR experts, the adoption of e-HR practices has a beneficial impact on strategic goals of the organization such as company image, goal alignment and cost reduction.

Conclusions

The aims of this paper were to examine the reasons for adoption of e-HR practices, to identify critical success factors in e-HR adoption and use to discuss the effect of e-HR on the future of the HR profession.

We have identified an array of reasons for the adoption of e-HR, with the most pressing of them lying in strategy (operating cost reduction and company image enhancement) and process (time management) considerations. Technology awareness and organisational culture, as well as collaboration between HR and IT, were promoted as the most critical success factors for successful e-HR adoption.

In addition, employees’ IT skills and attitudes play a crucial role in the above-mentioned integration. So, HRM needs to invest in supporting people to develop the necessary skills and attitudes in order to actively participate and use the new services. It also needs to invest in communicating the benefits of these services, in order to eliminate any resistance or reluctance to use the new services.

References


