



Human Resource Information Systems (Hris) - Role and Significance in Today's Global Business Competitiveness

KEYWORDS

Human resource information system, Information technology

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ABSTRACT

The present paper focuses on the role and significance of HRIS towards global business competitiveness. The paper will also emphasize the need, components, benefits and functions of HRIS. Human resource information system (HRIS) is not new concept but it is convalescing day by day with altering environment. Its foremost role is in human resource planning (HRP) which itself a crucial activity in any global organization. Various authors have advocated that the use of a Human Resource Information System (HRIS) should escort to helpful outcomes for the organization. Decreased costs, improved communication, and decreases in time spent on routine activities should create an environment where in the Human Resources (HR) department would play a more strategic role in the organization. Promising hyper-competitive age in the last few decades has increased the need of information system and technology in human resource management for competitiveness. The insurrection in information technology is completely and rapidly redefining the way things are done in nearly every field of human activity. Human resources and information technology are two essentials that many firms are looking to utilize them as strategic weapons to compete. Human resource technology or human resource information system builds an interface between human resource management and information technology. There has been a considerable increase in the number of organizations gathering, storing and analyzing information regarding their human resources through the use of human resource information system. HRIS has become a vital aspect in making business competitive and effective.

INTRODUCTION

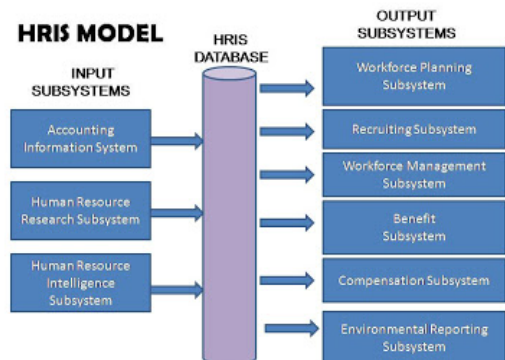
Human Resource Information System is a set of people, forms, procedures and data utilized to store, analyze, distribute and employ information of human resources. HRIS objective is to offer accurate information for the use of persons making human resource associated decisions. Human resource information systems are built to diminish the manual work of HR expertise. HRIS helps to discard paper forms or reports because all information is obtainable through the system. HRIS offers head count reports, objective planning as well as absence calculations.

Human resource departments hold the record of the employees of the organization counting personal history, skills and salary etc. (DeNisi & Griffin 2001, p. 531).

The essential level of HRIS is used to assist to manage employment relationships inside the organization and employees. The business can use HRIS for human resource planning. New recruitments can be posted via HRIS as well as applications can be scanned and stored. HRIS also stores information about the employees' participated trainings and learning sessions. Performance appraisal, compensation, benefits, competences and development plans are easily maintained in HRIS. Employees can search for a new career inside the organization and be aware of the future trainings. HRIS allows managers to follow employee's job performance and planned against used hours for a definite assignment. HRIS offers various reports available. HR managers are competent to run reports to find skilled employees for certain jobs. By means of reports it is easy to present information about absences, holidays, language skills, operatives and many more. HRIS contains various standard reports but it allows also to generate other reports. (DeNisi & Griffin 2001, pp. 532-533).

Significance of HRIS:

It has become obvious to organizations that the conventional paper method of keeping records is not proficient anymore. Human resource is an tremendously valuable resource and is the decisive source of core competitive advantage (Wei & Feng, 2013). Despite this, there was clearly incongruence between the way in which HR practitioners were expending their time and effort and what can truly make a difference to the bottom line and the success of the organization (NMA Technologies, 2008). Conventionally, HR practitioners were exerting the most considerable proportion of time and effort at the managerial level; followed by the operational level and lastly, the strategy level yet the converse will produce an HR value add. HRIS has the prospective to transform HR and facilitate it to contribute value add to the organization by supporting that the least amount of time is spent at the administrative level



Source: Secondary Data

and that the time saved is devoted to the strategic level.

Furthermore, taking cognizance of the greater involvement HR is playing in the strategic planning process of companies, the need for HRIS is imperative. A strategic HRIS provides significant information about human resources' needs and capabilities; this information is essential for management to set up the organizational mission and set and execute goals and objectives (Chauhan, Sharma & Tyagi, 2011). Apart from its success, the endurance of an organization depends on how efficiently the right information is collected and used for taking the right decision in the right context (Nawaz, 2012).

According to Hendrikson (2003, p. 382), "Over the past two decades, firms have gradually more relied on the HR function to supply management solutions that increase the efficacy of human capital". A well designed HRIS can serve as the main management apparatus in the alignment or assimilation of the human resources department goals with the goals of long-term corporate strategic planning (Carrell et al., 1999). HR data needs to be presented to managers to aid decision making in the organization. This overall concept is known as Decision Support System (DSS) (Carrell et al., 1999). With the increasing significance of HR issues as serious factors in strategic planning and decision making, the ability of the HRIS to enumerate, analyze and model change becomes extremely important (Carrell et al., 1999). There are several global HR systems available that can support the basic HR processes from employee recruitment to termination as well as benefits administration, total compensation, absence management, time tracking, payroll and talent management associated with learning, performance, career and succession planning modules (Carneiro, 2011). Global HRIS transcends beyond the ability to analyze and use employee data as the system supports geographically diverse operations to share ideas and innovations (Miller, 2004) and to create an ethos of cultural cohesion and closeness for employees (Insight Consulting Partners, 2004). This study sets out to explore the impact of HRIS on each of these variables:

Managerial contentment: In the Municipality concerned, as issues were discovered pertaining to the old HRIS, managerial satisfaction with the system declined and hence, a new system was sought after. Fundamental to a successful implementation of a HRIS is support from executive management and dignified cross-functional support teams (Insight Consulting Partners, 2012). Managerial satisfaction with the HRIS is improved when the system's reward for management are realized, namely, the increase of overall decision-making efficiency, cost reduction and enhanced control of budget, business transparency, a lucid business vision and a clear insight into the process of recruitment, selection and termination of employees at the aggregate level (Dorel & Bradic-Martinovic, 2011). Johnson and Gueutal (2012) caution that although HR staff and line employees will have access to volumes of data to support decision-making, the latter does not improve measurably though time-to-decision is condensed. Satisfaction with the HRIS is also inclined by system quality; information quality and perceived ease of use (Bal, Bozkurt & Ertemsir, 2012).

Time management: HR personnel used to be overburdened with the managerial task of keeping records on staff using manual spreadsheets which were complicated and time intense to capture and maintain. This enables HR staff to focus on more tactical tasks and become a strategic provider or professional advisor to the rest of the organization and business (Becker, Huselid & Ulrich, 2001; Lawler & Mohrman, 2003; Lengnick-Hall & Moritz, 2003; Lawler,

Levenson & Boudreau, 2004; Sheehan, Holland & De Cieri, 2006; Shiri, 2012). However, researchers have found that although upgraded HRIS are being used to computerize and entrust administrative tasks traditionally undertaken by the HR function, the system is not currently being used in ways that donate to the strategic direction of the organization (Dery, Grant and Wiblen, 2009; Sadiq, Khan, Ikhtlaq & Mujtaba, 2012). Dery et al. (2009) add that the degree to which the HRIS acts as an enabler to increased strategic focus for HR depends on organizational attention, understanding of the technological responses to HRM intricacy and the success of change management to assist user acceptance.

Uses of a Human Resource Information System (HRIS)



Source: Secondary Data

When employees can log in and find information online it results in fewer calls to HR personnel, thereby even enabling the organization to sustain a lower HR to employee ratio. It also enhances the talent to create reports and analyze information promptly and accurately, thereby making the workforce easier to manage (Lucerna, 2013). Johnson and Gueutal (2012) believe that providing employees with admission to their information increases the transparency of HR processes, helps them to better understand the role of HR in the organization, and makes them feel they have been in charge of over their information which can lead to an improved sense of fairness and job satisfaction.

Cost management: Even as it could be a large investment into acquiring a HRIS, many organizations view it as a long term investment. Costs are decreased when a HRIS is implemented owing to less paper been used, less space being taken up, and due to the system being quicker and more accurate. Therefore, the extreme costs of a HRIS can be defensible and an organization will begin to experience its return on investment. For example, IBM has a paperless online plan for all its employees, which has not only saved the company \$1.2 million a year in terms of printing and mailing costs, but the employees enjoy working with the online plan (Brown, 2008). Being a computerized system, a HRIS should provide the capability to more effectively plan, control and manage HR costs such as labour and recruitment costs (Khera & Gulati, 2012).

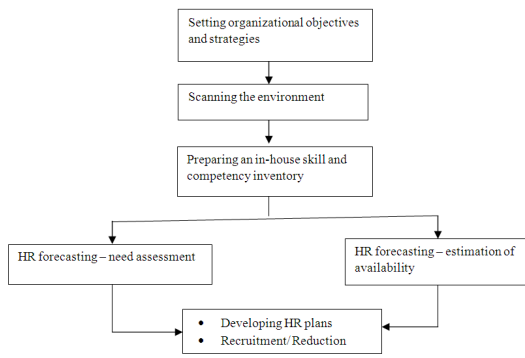


Figure: Human Resource Planning Process
(Source: Pravin Durai (2010), Human resource Management, Pearson Education Publications)

Impact on diverse HR functions: The HRIS enables the organization to attain improved competence and quality in HR decision-making and improve employee and managerial productivity and effectiveness (Dresser & Associates, 2013). Khera and Gulati (2012) sustain that while HRIS helps in the strategic actions of HR managers, it is governing in identifying occupied and unoccupied positions in an organization very effectively and accurately and therefore, assists in planning the organization's human resources both qualitatively and quantitatively. The latter benefit was also emphasized by Dessler (2005). Similarly, Shiri (2012) found that HRIS produces more effective and faster outcomes, has brought about an improvement in the overall HR functions and has assisted in aligning HR practices with the organizational strategy, identifying improvement areas and keeping ahead of current practices thereby enhancing the efficiency of the HR function.

Organizational efficiency: A HRIS brings about organizational effectiveness in the sense that the HR department is more capable and employees and management can access any of their records online whenever they need too. It removes the saddle of HR to carry out ordinary requests from employees thus, giving HR staff more time to spend on strategic tasks. Modern HRISs have such broad features that employees have everything they need at their fingertips. Lengnick-Hall & Moritz (2003) believe that HRIS will bring about informational efficiencies and time and cost savings that will enable HR departments to turn their concentration to providing better and accurate scrutiny of current data upon which strategic business decisions may be made. Similarly, Shiri (2012) found that HRIS provides HR professional with opportunities to enhance their contribution to the strategic direction of the firm. However, Beadles II, Lowery & Johns (2005) found that HRIS has not yet accomplished this or reached its full potential in the HR environment.

CONCLUSION

Human resources information systems are measured to be one of the most important elements that affect the activities of human resource department. This was supported by the main hypothesis of this study of having a relationship between human resource information systems and human resources functionalities. However, it was found that some of the proportions that represent HRIS have a relationship with HRM functionalities and some do not have. It was found that strategic integration, forecasting and planning, human resources investigation, and communication and integration have no relationship with human resource functionalities. Whereas, it was found that performance development, knowledge management, and records and fulfillment as dimensions of human resources information systems have a relationship with human resources functionalities, accordingly, an effect over them.

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