Research Paper Management

Role of IT in HRM: Opportunities and Challenges

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ABSTRACT

Technology in the present era has shoot up over all the essential business activities. Technological innovations are shaping a new world towards swift advancement. One may utilize the full potential of human resource of the organization by introducing the concept of information technology in their HRM system. This paper encloses the role of IT in major dimensions of the HRM function of the organization. It also focuses on the opportunities and challenges faced by the organizations in implementing IT across HRM function. Several critical areas of HR function are also highlighted where IT has been implemented by various organizations successfully.

KEYWORDS Advancement, Dimensions, Innovations, Potential

Introduction:
HRM describes a process of managing and utilizing the human resource of the organization. It includes various activities like recruitment and selection of the suitable candidates, providing training to improve their KSA (Knowledge, Skills and Abilities) and minimizing the gap between actual and the desired performances, assessing their performances for compensation and reward/incentive purposes, providing counselling for their succession planning and career advancement and finally separating the employee from the organization. Basically there are three types of e-HRM i.e. operational, relational and transformational e-HRM. Operational relates with the administrative functions of HR department, relational relates with providing information to the employees and creating virtual relationship among them so that they can be always connected, while transformational e-HRM focuses over the strategic orientation of the HR function. It aims towards achieving the competitive advantage by linking the HR function with business strategy to achieve the goals effectively and efficiently. The rapid technological innovations have led organizations towards managing and sharing the data over virtual networks.

Significance of using technology in HRM:
Nowadays, small, medium and large organizations are making use of technology in delivering their HR services. HR and technology have become two concepts. In the present cut-throat competitive environment, organizations are becoming more technologically enabled and embedding web-based technologies in almost every business function. E-HR aims at making information available to managers and employees at anytime 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 (Panayotopoulou, Vakola, & Galanaki, 2007).

Scope of IT in HRM:
1. Human resource Planning: With the help of technology build databases, they may maintain up-to date records of the current employees working in the organization and the requirements in each department. Being an information system of human resources, it can store voluminous data about the employees, that not only helps in identifying the occupied and unoccupied positions but also whether the person at particular position is fit for the job or not (Khera, & Gulati, 2012).

2. Administration: Through technology, a well maintained and updated database of employee records may be created. All the critical information related to the workforce like their name, address, e-mail, contact no., qualification, compensation benefits, experience, date of entry in organization, employment status (contract, permanent, full-time, part-time etc.) are centralized in a database which may be retrieved any time whenever required.

3. Recruitment: Web-based technologies have become a prominent means in recruiting the employees for the organization. Internet recruitment is nowadays is a hot approach for hiring talent. Online recruitment and the use of new emerging technologies have many advantages for the modern recruiter. It makes the process of finding candidates and new business opportunities quicker, cheaper and more efficient. The internet has caused the largest change to the recruitment process in the past decade acting as a link between employers and job seekers (Dhamija, 2012).

4. Training and Development: E-learning is a revolutionary way to empower a workforce with the skills and knowledge it needs to keep pace with a rapidly changing market. The e-learning module provided an e ective vehicle for the delivery of training activities. However, by linking the assessment process to the Human Resources database, the e-learning system supported processing quality by ensuring that only qualified and accredited employees were assignment to tasks requiring those skills and that the need for ongoing maintenance of critical competencies was e ciently met (Zornada, 2005).

5. Compensation and other Benefits: Technology has also made it straightforward to design and maintain the compensation channel of the overall workforce of the organization updated and error free. The e-compensation packages offer transparent and easy assessable information about the compensation structure of all the employees along with the compensation policies of the organization available to the employees round-the clock in a cost effective manner.

6. Performance Evaluation: The performance management effectively supports key executives and operational management by providing timely and relevant information from both within and outside the enterprise. E-Performance system is a competency-based system that measures people not only on goal attainment but also on the very competencies that are required for their role. To ensure success, one can choose to support all employee goals with competencies and competency ratings that will help achieve success (Rasin, Amini, & Tahir, 2011).

Opportunities for implementing IT with HR function:

1. Competitive Advantage: In today's organizations, creating, maintaining, measuring and leveraging intellectual capital are the main sources of competitive advantage. Providing employees with specific personalised applications through HRM portals means e-HRM can be a key method in the adoption of competitive advantage through intellectual property (Brewster, & Mayrohfer, 2012).

2. Accessibility: Due to the transparency issue, whole information is readily available to all the employees either through internet or intranet. Any employee may access any information at any time easily. This helps in the embedding the concept of equity in the organisational policies. HR portals allow the employees to access all the required information at a single click.

3. Rapid and error free transactions: Technological innovations have increased the pace of service delivery in organizations. Human may commit mistakes while performing the administrative tasks but the technological systems perform the tasks error free. Due to timely delivery of services, the employees are happier and satisfied. It saves time in performing the task and also for correcting the errors. Therefore, technology in HR function leads an economical mechanism for delivering the HR services to its employees.

4. Interactive Atmosphere: Technology enhances rich interactions among the employees through the web-based portals. Larger organizations then have more information needs and therefore can take more advantages from the information function. Moreover, large organizations also profit more by the collaboration function. With growing size organizations tend to increasingly spread over different buildings and locations. The resulting spatial segregation of relevant actors complicates collaboration in performing HR tasks and calls for a corresponding collaboration infrastructure. Reduced Administrative Burden (Strohmeier, & Kabst, 2009).

5. Strategic Decision making: Data warehouses and data mining tools now also are used to support strategic decision-making. Data warehouses provide a centralized repository of selected HR data that is managed separately from live data. Data mining tools with advanced statistical data analysis techniques can then be employed to discover relationships among policies, procedures, practices and organizational outcomes that may not be readily apparent. An HR dashboard allows managers to examine information in greater levels of specificity, which can help to quickly identify and focus on potential problem areas. By linking the data on the dashboard to the key organizational metrics, managers can more effectively see the ties between HR outcomes and corporate goals (Johnson, & Gueutal, 2011).

Challenges associated with HR technology:

1. Cost: Technology pulls cost. In implementing a technology based HR system, a huge initial investment is required. Once implemented, it reduces the operational costs. Large organizations may install HR portals/packages while it is difficult for a small or medium sized organization to afford them.

2. Acceptance: Before the implementation of technological innovations in the organisation, HR itself is the biggest obstacle. Due to IT implementation various issues like Skills/Knowledge for its use, employment risks etc. always rise in its way. Acceptance from the workforce is needed for utilizing it up to its fullest. In the information era, information and communication technology (ICT) is widespread and has become an integral part of almost all jobs occupied by knowledge workers (Porter, & Kakabadse, 2006). It increases the burden of the employees by spending more time connected.

3. Back-ups and Security Concerns: It requires maintaining a fully fledged back-up system of the overall e-HR system. It leads the maintenance costs. One of the basic disadvantages of using E-HRM is that the data gets free accessible to all and anybody can access the strategic information and use it any way without any authorization. It is prone to corruption/hacking/data losses (Kaur, 2012). Open access to the databases destroys the personal information of the workers which may leads to illicit access.

4. Increasing Isolation: Due to the formation of virtual networks through intranet or web-based HR portals, the personal interaction among the employees has diminished. In the traditional systems, they interact with the administration department regarding their employment issues due to which they were also personally connected. But due to IT implementation they need not to go in the administration branch regarding such issues. They are isolated from each other and are connected virtually through such portals only.

5. More informed Employees: Due to easily accessibility and transparency, the employees are well informed about the market pay structures. It increases the accessibility of internal and external compensation information. This knowledge may force the organization to modify its compensation structures from time to time in order to comply with the present structure in other companies. It may sometimes, create problems for the organization.

Conclusion:

In the field of HRM, technology has made a paradigm shift towards cost reduction and efficiency along with a lot of opportunities and challenges. It helps in reducing the costs associated with the delivery of various services to the employees like recruitment, training & development, manpower planning etc. It provides readily information to managers also which helps them in taking the strategic decisions. It supports HR strategies, policies, practices in the organization. Therefore, it can be said that instead of facing several challenges, technology and HRM are inextricable concepts.

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