THE IMPACT OF HRIS ON THE PERFORMANCE OF HUMAN RESOURCES DEPARTMENT IN SELECT PRIVATE ORGANISATIONS, COIMBATORE

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Abstract

Human Resource Information System (HRIS) helps the organisations to make HR departments administratively and strategically participative. Many organisations have now understood the significance of information storage and retrieval. This research paper has focused on how information technology is useful for the effective performance of HR functions. The main objective of this paper is to disclose the impact of HRIS onthe performance of Human Resource Department. To analyse the impact of HRIS on HR department, the researcher has conducted a survey of 20 HR Managers from select private organisations operating in Coimbatore district of Tamil Nadu. The findings of this research paper show that HRIS is used as a tool to achieve greater administrative efficiency in the HR department. But, it is not fully recognised by the organisations selected for this study.

Keywords: Human Resources, Human Resource Information System (HRIS), Private Organisations.

Introduction

Human Resource Information System uses the Information Technology for the effective management of the Human Resource functions and applications. Itadopts systematic procedure for collecting, storing, maintaining, and recovering data required by the organisations about their human resources, personnel activities and organisational characteristics. It helps organisations in managing all HR information, recording and analysing employees, organisational information and documents and also keeping an accurate, complete and updated database. The nature of HRIS varies among organisations in relation to their size. In small organisations, it tends to be informal whereas in large organisations, it is more formal and coordinated.

Human Resource Information Systems in Organisations

In this globalized world, aHR department is a centre of the organisation to implement the organisational policy. HRIS is now considered an integral part of every organisation. More and more organisations are now developing information technology to help the organisation achieve its goals in a timely manner. The information systems can then help the organisation make more strategic decisions and streamline the administrative functions of the HR department. To reach the goal of the organisation, HRIS maintains an elaborate and relevant database including training completed, awards received, projects participated and finished successfully, level of education attained. number of years of service, skills, competencies, etc. By using this data, the HR department can make a contribution towards strategic formation within an organisation. With an efficient HRIS in place, the development of HR system becomes easier (Dessler, Griffiths, and Walker, 2004).

The rationale for the implementation of HRIS varies between organisations. Some use it to reduce costs, others to facilitate better communication, and some use it to re-orient HR operations to increase the department's strategic contribution (Parry, Tyson, Selbie, & Leighton 2007). HRIS provides management with strategic data not only in recruitment and retention strategies, but also in merging HRIS data into large-scale corporate strategy. The data collected from HRIS provides management with decision-making tool. HRIS can have a wide range of usage from simple spread sheets to complex calculations performed easily (Parry 2010). Through proper HR management, organisations are able to perform calculations including health-care costs per employee, benefits as a percentage of operating expense, cost per hire, return on training and human capital invested, turnover rates and costs, time required to fill certain jobs and human value added that have effects on the business as a whole. Consequently, HRIS facilitates the provision of quality information to management for informed decision-making.

Therefore, HRIS helps HR professionals perform their job roles more effectively. HRIS is implemented at three different levels, i.e. the publishing of information, the automation of transaction, and finally

transforming the entire working of the HR department so it plays a more strategic role and adds more value to the organisation (LengnickHall and Moritz 2003). It is, however, very difficult to ascertain the value addition made by HRIS on the revenues and profits of an organisation since strategic HRIS is beneficial in facilitating the decision-making process. These decisions can result in greater employee motivation and satisfaction and both are extremely difficult to quantify (Kovach, Hughes, Fagan, Maggitti, 2002). Mayfield and Lunce (2003) came to a similar conclusion that while administrative activities can be quantified and measured such as reduction in turnover and efficiency of HR department, but, it is very difficult to attribute certain gains such as motivation and morale directly to the implementation of HRIS. As opposed to administrative HRIS, it is complex to establish a definitive link between organisation benefits and HRIS deployment.

Review of literature

1. Teo, T. S. H., Soon, L. G. &Fedric, S. A. (2001) said that many organisations were utilizing Information Technology in Human Resource Management, also known as Human Resource Information Systems, to gain a competitive edge. This study attempted to identify the state of use of HRIS in organisations in resource-scarce Singapore as well as the impacts of HRIS adoption via a questionnaire survey of 500 firms, of which 110 usable responses (22.2%) were received. Results of this study provided insights into HRIS practices and its impact.

2.Nicholas Aston Beadles, Christopher M. Loweryand Kim Johns (2005) advocated that the use of a Human Resource Information System should lead to valuable outcomes for the organisation. Decreased costs, improved communication, and decreases in time spent on mundane activities should create an environment wherein the Human Resources (HR) department would play a more strategic role in the organisation. This study was an initial attempt to determine whether HRIS had reached these potential benefits. Based on responses from a sample of HR directors of public universities, it was found that HRIS had not yet reached its full potential in this environment.

3. M Nishad Nawaz (2012) said that 21st century is recognised for its information outbreak, technological advancement and also for diffusion of such knowledge and information through HRIS for successful functioning of organisations. Besides the success, survival of an organisation heavily depends on how best the right information is collected and used for taking right decision in the right context. With this background, an attempt had been made to assess the importance and impact of HRIS in disseminating the information among the select software companies in Bangalore.

4.Khera&Gulati (2012) explained in their study that Human resource information system is not new concept. But, it is recuperating day by day with changing environment. It plays a major role in human resource planning (HRP), which itself is a crucial activity in any

organisation. Ineffective HRP can lead to extra or fewer numbers of employees than needed. Both over and under number of employees could create crappy situations. HRIS helps in proper planning of human resources. This paper focuses on the role of HRIS in HRP. The survey was done with the assistance of the questionnaire. From the survey of the study, it is understood that HRIS stores ample data about the employees of the organisations and helps in the strategic activities of HR managers and more in training and development, succession planning, applicant tracking in recruitment and selection and manpower planning. While analysing the overall contribution of HRIS in HRP, it is concluded that HRIS identifies occupied and unoccupied positions in an organisation very effectively and accurate.

5. This study evaluated the impact of the HRIS system on HR functions, time management, cost management, managerial satisfaction and organisational efficiency. It had used cluster sampling method to select 101 managers from a Municipality in South Africa. Self-developed and closed-ended questionnaire comprising of 28 items were employed to collect adequate data. Descriptive and inferential statistics were usedto analyse the data. The results indicated that managers had a fairly positive view of the impact of the HRIS on organisational effectiveness, on time management and on HR functions. The results of this study confirmed that a well implemented and managed HRIS had enabled readily available information to be translated into more information sharing, greater knowledge transfer and management. Consequently, the HRIS had the potential to enhance the speed and quality of decision making and the realisation of the HR strategy, thereby enhancing organisational effectiveness.

6. This research hypothesised that collection, storage, and retrieval of information related to the human resource element in any organisation would make well-informed and lasting decisions about positioning, utilization, and retention of its human resources to aid the organisation in its competitive efforts. A large-scale household appliance manufacturer, who implemented an automated process for its human resource information gathering and relied on a completely computerized storage, retrieval, and utilization of the human resource-related data, was surveyed.

7. This research was about a study on the impact of Human Resource Information System (HRIS) on users' satisfaction among employees in Terengganu CIMB Banks. The research was the correlation research, whose purpose was to determine the correlation between the impact of HRIS and users' satisfaction. HRIS is not a new concept but it is recuperating day by day with changing environment. Its major role was in human resource planning (HRP), which itself was a crucial in any organisation. In order to achieve the objective, a set of questionnaire was distributed to the employees at CIMB Banks of Terengganu. The result implied the valuable insight about the users' satisfaction and the effectiveness of HRIS in organisation.

8.This study analysed the impact of human resource information system (HRIS) on firms' financial performance. Performance estimation models developed based on five years performance related data were extracted from annual reports of total 41 (89%) banks operated under four strata: state-owned commercial (9%), specialized (6%), private commercial (63%), and foreign commercial banks (11%) in Bangladesh. Multivariate analysis of covariance (MANCOVA) was tested to examine the varied corporate financial performance according to ownership patterns. The study had found direct and positive relations of HRIS applications with the firm's financial results. However, the corporate performance did not vary significantly according to the ownership patterns. Moreover, the findings of the study might lead human resource (HR) professionals and other stakeholders to enhance their financial intelligence about its applications in business, which might eventually enable them to be strategic partners in the acute global market environment.

Objectives of the study

The main objective of this study is to examine the Impact of HRIS on the Performance of Human Resources Department in Select Private Organisations, Coimbatore.

Methodology

This research is exploratory and primarily descriptive in nature. The data used in this study was gathered by the researcher. Sample size used in this paper was very small.Out 20 private organisations taken for this study, only eighteen organisations had responded. The results received from the respondents, who either agreed or strongly agreed with the statement for each item, were expressed in terms of percentage. The intent of this paper was to measure the perceptions of the HR directors with regard to the impact of the HRIS on HR processes, the time spent on HR activities, the expense of HR activities, levels and use of information within the organisation, the role of the HR department, and strategic decision making. Hence, researcher used tables to measure the percentage of favourable responses to a series of questions assessing HR directors' perceptions of HRIS. The researcher has found some research gap in the previous research studies. The aim of this study is to bridge the gap found in previous research.

Analysis and results
1. Satisfaction with HRIS

HRIS must satisfy the needs of the organisations that have adopted HRIS to manage all human resource functions. Therefore, the survey items concerning satisfaction with the HRIS in this study are presented as follows.

Table 1.
Satisfaction with HRIS

S.No	Items	% Agreed
1	I am satisfied with HRIS	35.50
2	The employees of HR department are satisfied with HRIS	50.00
3	HRIS meets our expectation	50.00
4	HRIS can be used better	100.00

Table 1 shows the satisfaction of management with the HRIS system. The percentage of people, who are actually satisfied with HRIS, is just above one-third only. All employees have agreed that HRIS should be used for the better performance of the organisation. This study indicates that there is mixed satisfaction with regards to HRIS among the employees of the organisation. The results of this study shown in Table 1has not considered whether the staffs are trained properly in the use of HRIS, nor are they properly educated about the systems utility.

2.HR Process

Human Resource Process can be defined as a process involved in matters related to HR in an organisation. Moreover, HRIS assists organisations in managing all HR information including leaves, skills inventory, performance evaluation, training and development and helps the operation of HR from manual process to electronic process in handling of HR. Therefore, the impact of the HRIS on HR processes found throughthe result of the survey is presented in the following Table 2.

Table 2.
HR Process

S.No	Items	% Agreed
1	HRIS improves recruitment process	74.00
2	HRIS improves training process	51.00
3	HRIS improves data input process	74.00
4	HRIS improves data maintenance process	86.50
5	HRIS helps with forecasting staffing needs	86.50
6	HRIS decreases paper work	86.50

Table 2 displays the HRIS contribution in streamlining HR process. Nearly 87% respondents have agreed that administrative processes, namely; decrease in paperwork, forecasting staffing need and data maintenance, have improved well. Moreover, 74% of the employees have agreed that data input and recruitment process are made more efficient. The response in favour of HRIS that has a considerable impact on the process oftraining is51 per cent only.

3. Time savings

The purpose of HRIS with regard to the top administrative and operational efficiency is to reduce cost and time as well. If the HR management is combined with information system, it helps the management save time for doing HR process, namely; recruitment process, training process and others. HRIS can speed up the transaction in HR process, reduce information errors and control HR actions. Hence, the results of the survey related totime savings in executing the HR process are given in the following Table 3.

Table.3.
Time savings

S.No	Items	% Agreed
1	HRIS decreases the time spent on recruiting	76.00
2	HRIS decreases the time spent on training.	35.00
3	HRIS decreases the time spent on making staff decisions	76.00
4	HRIS decreases the time spent on inputting data	62.50
5	HRIS decreases the time spent on communicating information within our organisation	50.00
6	HRIS decreases the time spent on processing paper work.	76.00
7	HRIS decreases the time spent on correcting errors	76.00

Table 3 shows the significance of the time savings related to the HR functions. Time saving is one of the barometers that is used to gauge the efficiency of HRIS in the administrative and strategic purpose of various HR functions. In result of the study, 76% of the respondents believe that HRIS has a positive impact on some administrative functions such as time spent on recruiting, routine staff decisions, processing of paper work and error correction. However, 50 % of the respondents believe that it has actually helped in improving the communication of information within the organisation. Only 35% of the surveyed employees believe that HRIS has decreased the time spent on training.

4.Cost savings

HRIS reduces the HR cost by automation of information and reduction of the large number of HR employees required in the organisation. The result of the previous study has showed that HRIS can decrease cost spent on training, recruiting, hiring and amount spent on HR salaries. Hence, the effect of the HRIS on reduction of cost in the administrative activities of HR department is presented in the following Table 4.

Table 4.
Cost savings

S.No	Items	% Agreed
1	HRIS decreases cost per hire	35.50
2	HRIS decreases training expenses.	15.50
3	HRIS decreases recruiting expenses	35.50
4	HRIS decreases data input expense.	65.50
5	HRIS decreases the overall HR staff's salary expense	35.50

Table 4 shows cost reduction on administrative activities of HR department. 35.50% of the respondents have an opinion that the HRIS decreases the cost of hiring, the recruitment expenses or the amount salary of HR staff; 15.5%, reduces training expenses and 65.5%, brings down expense on administrative tasks respectively.

5. Information effects

Companies have started integrating HRIS system to other HR systems, such as payroll, leave, travel and expense, time and attendance, career planning, and skills inventory to store, retrieve, update, classify, and analyse data easily. The integration of data with other systems has enabled HRIS to provide detailed information on mostly all HR systems. With improved access to metrics, faster information processing, and greater information accuracy, the fast decision making and better HR planning is made possible for decision makers. Hence, surveyed items relating to HRIS providing effective and detailed information are presented below.

Table.5
Information effects

S.No	Items	% Agreed
1	HRIS improves our ability to disseminate information	35.50
2	HRIS provides increased levels of useful information	70.00
3	The information generated from HRIS is shared with top administrators.	85.50
4	The information generated from HRIS is underutilized by top administrators.	50.00
5	The information generated from HRIS increases coordination between HR department and top administrators	62.50
6	The information generated from HRIS adds value to the organisations.	85.50

Table 5 shows that the adequate storage and timely retrieval of information is a hallmark of an effective information system. 70% of the respondents believe that HRIS provides useful information and 85.5%, the information received through HRIS is shared with top administrators. Whereas an identical percentage of 85.5% feel that information received through HRIS add value to the organisations and only half of 50%, information form HRIS is underutilized by the top administrators. Results presented in Table 5 indicate that there is lack of willingness to use the information as a strategic tool.

6.Decision making

The HRIS helps the HR functions become more efficient. It provides better information for decision making in HR Process. Hence, the result of this survey related to the impact of HRIS on decision making is presented in the Table 6.

Table.6.
Decision making

S.No	Items	% Agreed
1	HRIS makes our HR decision-making more effective.	35.50
2	The information generated from HRIShelps organisation decide on employee raises.	35.50
3	The information generated from HRIS helps organisation to make more effective promotion decisions	20.00
4	The information generated from HRIS helps organisation decide when to hire.	20.00
5	The information generated from HRIS helps organisation make better decisions in choosing better people.	35.50
6	The information generated from HRIS helps organisation decide when training and skill development are necessary	35.50

Table 6 shows the role of HRIS in decision making in HR process. One third of the total respondents believe that HRIS contributes in making decisions more effective, or playing a significant role in the selection of better candidates or improving training and development of the staff. Another 20% of the respondents have an opinion that HRIS helps the organisation make more effective promotion decisions or decide the hiring decisions. The survey of the research indicates that HRIS is viewed as an administrative tool, but not as a strategic one

7.Strategic Impact and Role of HR

Human Resource Information Systems are becoming very important for the organisations. Therefore, over the last decade, companies have started using this technology for competitive advantage. The human resource information system (HRIS) as a function of IS becomes inevitable for organisation, because it helps the organisations reach their goals easily. In this survey, items referring the impact and role of HRIS in organisations are presented in the following Table.7

Table.7
Strategic Impact and Role of HR

S.No	Items	% Agreed
1	HRIS makes the HR department more important to the organisation	85.50
2	Overall administration thinks that HRIS is effective in meeting strategic goals	35.50
3	The information generated from HRIS improves the strategic decision making of top administrators	60.50
4	The information generated from HRIS makes HR a more strategic partner in the organisation.	85.50
5	HRIS promotes organisation's competitive advantage	35.50

Table 7 shows the strategic roll of HRIS in HR department. In this survey, 85.50% respondents believe that HRIS increases the importance of HR department and makes it a strategic partner. Only 35.50% believe

that HRIS gives a competitive edge to the organisation or be effective in helping the organisation meet its strategic goals. However, 60.50% believe that HRIS improves the strategic decision-making of the top administrators.

Recommendations

1.Recruitment is one of the most important functions of the HR department. An effective recruitment strategy is to hire the best candidate. It can bring cost of hiring employees down. At the same time, it facilitates the processes of succession planning, employee retention, greater employee motivation, and reduction of turnover. For implementation of recruitment strategy successful, HR department is to maintain complete information about the nature, demands, construction of the job and also knowledge about the personal competencies required to fulfil the jobs. If profiles are not properly maintained, then the selection of the best candidate is difficult. A proper employee's profile should consist of number of years with the company, projects participated, training attended, certifications completed, awards won, and targets achieved. Further, employees' aspirations, goals and milestones need to be included in the system that must support a proper succession plan to indicate the positions to be vacated and also to find out a potential successor to be evaluated. When the profiles of employees is to be linked to the succession planning tree, then this can facilitate the recruitment of candidates from internal sources at the right time and place with minimum cost.

2.HR managers should consider HRIS as an important component of the training process, which can be assessed carefully with the training needs of employees and the latest profile of each employee. Once the majority of the training needs have been ascertained, then a training schedule can be designed accordingly. The training schedule is to be combined with the employee's profile, so that HR can know exactly the type of training required, the time to complete the training schedule as well as the overall cost of training programme. In return, it would allow the HR department to monitor, which employee has completed various training programs and whether that particular training helps employees to perform their jobs better.

3. Improvement of communication between HR and other departments, facilitation of effective decision making, and development of competitive advantage for the organisation are the major role of HRIS. From the results of the survey, researcher has understood that employees of the organisation are not interested in utilising the information completely as a strategic tool .It is the duty of HR department to make the information available to every employee of the organisation. If not, this will definitely impair the employee's ability to think strategically. In addition, it costs the organisation both time and money when employees search for relevant information to carry out their work. To overcome this problem, HR department provides relevant information access to each department.

Conclusion

The result of the survey supports the finding of the study that HRIS is mostly employed as an administrative tools rather than a strategic one. The holistic view on the role of HRIS in improving the efficiency and integration of HR department into a more strategic role is missing. The respondents are not able to establish a direct link between HRIS and its impact on their routine work. There is a lack of clarity on HIRS system to add value to the organisation. It is understood from the earlier literature that the benefits of HRIS are difficult to quantify, and cannot be displayed in monetary terms. Neither cost saving, strong communication nor effective recruitment decisions are linked directly to HRIS. Even though HRIS appears to have tremendous promise, it has not been fully utilized by organisations selected for this study.

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