

Value creation through e-Human Resource Management

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Abstract:

e-Human Resource Management is “an umbrella term covering all possible integration mechanisms and contents between Human Resource Management and information technologies, aiming at creating value within and across organizations for employees and management.” The study aims to review literature on electronic Human Resource Management (e-Human Resource Management) in terms of the success factors for e-Human Resource Management implementation and in the way e-Human Resource Management creates value for the company. The e-Human Resource

Management technology provides a portal which enables managers, employees and HR professionals to view, extract information which is necessary for managing the HR of the organization and for making decisions quickly. The literature review is evident that there is value creation through e-Human Resource Management in terms of improved client orientation and service, efficient services, improved HR strategic orientation, dynamic workflow in the business process, reduced costs, reduced administrative burden etc.

Key Words: e-Human Resource Management, Value creation, Human

Resource Management, Information technology.

Introduction:

Human Resources are the most valuable asset and a tool for overall development of an organizations efficiency and effectiveness. Byans and Rue defined Human Resource Management as it "encompasses those activities that are designed to provide and to coordinate the human resources of an organization. Human resources are the source of achieving competitive advantage because of its capability to convert the other resources into output. Rundle argues that one needs to bear in mind that people (managers), not the firm, are the adaptive mechanism in determining how the firm will respond to the competitive environment.

Human Resource Management can help firms to improve organizational behavior in such areas as staff commitment, competency and flexibility, which in turn leads to

improved staff performance (Koch and McGrath).

The National Institute of Personal Management (NIPM) of India has defined human resources as "that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and having regard for the well-being of the individuals and of working groups, to enable them to make their best contribution to its success".

There is a growing awareness that the human resource is the most valuable asset on which successful organizations depend (Guest, 1989). Storey defines HR as a distinctive approach to employment management which seeks to obtain competitive advantage.

Human Resource Practices:

Human resource practices are found in every organizations but their importance lies in their proper use and management. To gain competitive advantage, firms use different competitive strategies .These strategies are more productive when they are systematically linked with Human Resource Management practices. Companies improve their environment by making efficient choices about human resource practices that consistently support their chosen strategy (Milkovich and Boudreau,1991;Schuler,1992).The effective management of human resources requires sound Human Resource systems.

The ability of an organization to gain competitive advantage hinges on the caliber of its workforce. Accordingly, they are viewed as the most valuable asset worth investing in. Second, it emphasizes the integration of human resource policies with the business strategy (strategic fit). In this respect, Human Resource Management levers

namely recruitment, selection, training and reward management must equally be integrated. It transpires from the above scope that Human Resource Management is essentially a business-oriented philosophy for managing people in pursuit of excellence.

In order to develop a sound Human Resource Management system, the organization should have effective Human Resource Management practices. Human Resource Management practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals (Schuler and Jackson, 1987). Human Resource Management practices may differ from one organization to another and from one country to another.

Concept of e-Human Resource Management:

The term Electronic Human Resource Management can be traced back to 1990s when it was used to designate the action of completion of Human Resource Management “transactions” by means of Internet or Intranet (Lengnick-Hall & Moritz, 2003). New technological opportunities are a bridge that could help connect the two sides of the working relationship; for organizations, e-Human Resource Management solutions are a way to support organizational flexibility and knowledge-sharing, while for the new and technologically embedded employees, they represent a way of managing their working preferences. According to Voermans and van Veldhoven, there exists - a positive relation was expected between reported ease of use, usability, user support and output quality of an IT system and the attitude towards e-Human Resource Management. “E-Human Resource Management is a way of implementing HR strategies, policies, and practices in

organizations through a conscious and directed support of and/or with the full use of web-technology-based channels” (Ruël, Bondarouk and Looise, 2004).

Strohmeier expanded this definition to be more specific about the technological and organizational contexts, defining e-Human Resource Management as the application of information technology for both networking and supporting at least two individual or collective actors in their shared performing of HR activities.

E-Human Resource Management is advance business solution which provides a complete on-line support in the management of all processes, activities, data and information required to manage human resources in a modern company. It is an efficient, reliable, easy-to-use tool, accessible to a broad group of different users.

e-Human Resource Management can be defined as —An umbrella term

covering all possible integration mechanisms and contents between Human Resource Management and information technologies, aiming at creating value within and across organizations for targeted employees and management. (Bondarouk & Ruel, 2009).

Literature Review on e-Human Resource Management:

Strohmeier (2009) in his study found that national context will directly affect adoption and use of e-Human Resource Management due to national differences in Human Resource Management laws, education systems, industrial relation systems, legislation addressing storage and use of electronic data and level of economic development.

Lee has studied the evolution of e-recruitment systems and analyzed the corporate career websites of Fortune 100 companies, emphasizes that e-recruiting has fundamentally changed

the corporate recruiting process from batch mode to continuous mode, suggesting a major change in the business process. Unlike the traditional paper-based recruiting process, e-recruiting allows around-the-clock collection and processing of job applications. Thus, a modern e-recruiting process is a two-way communication process, web-enabled, time and space-independent, and a ubiquitous system for both job seekers and recruiters.

In a study on Internet recruiting, Cappelli examines different service providers, new technologies, and companies recruitment strategies. In his view, the e-recruiting process consists of three major steps: attracting, sorting, and contacting candidates. The first step involves the appropriate design of web pages, using electronic networks for promotion, tracking potential candidates on the Internet and in on-line databases. The next step – sorting – involves the screening of candidates

with the help of sophisticated on-line tests. In the third step, contacting candidates, e-recruitment systems are a big help, since they enable communication tasks to be automated.

e-Human Resource Management Drivers:

The drivers of HR domain are identified at three levels (Lepak & Snell, 1998):

- i. *The Operational Driver:* To make HR cost effective by reducing the HR headcount, lowering the transaction costs and brings about efficiency.
- ii. *The Relational Driver:* To meet the growing demands of line managers, employees, business partners and increasingly improved levels of service.
- iii. *The Strategic Driver:* To be a strategic business partner by addressing the strategic business objectives.

Value Creation through e-Human Resource Management

With the evolution of Human Resource Management from largely a maintenance function to a source of sustainable competitive advantage, it has become a challenge for Human Resource Management to transform from Human Resource Management to electronic Human Resource Management. Haksever et al. (2004, p. 292), defines value as the capacity of a product, service, or activity to satisfy a need or provide a benefit to a person or a legal entity. Value creation takes place when organizations are developing new ways of doing things, using new methods (Porter, 1985).

The effective management of human resources requires sound Human Resource systems. Obviously this adoption is focused on the positive benefits that e-Human Resource Management should have such as: improved quality, gaining more strategic role (for HR), reducing costs, speed-up processes etc. (Lengnick-Hall & Moritz, 2003)

The literature on e-Human Resource Management suggests that, overall, the three goals of e-Human Resource Management are cost reduction, improving HR services, and improving strategic orientation. The debate on strategic advantages of e-Human Resource Management still continues: while some researchers argue that e-Human Resource Management offers strategic opportunities to HR professionals.

The literature indicates a reduction in HR staff, cost savings and less administrative burden due to automation. Various companies have looked for an Internet based HR function to bring about the much desired cost savings (Hawking et al., 2004)

Ngai, E., et al. (2008) studied to examine the reasons for why firms use e-Human Resource Management. The study found that the key reasons are related to improving communication between HR and employees and between managers and

employees. The Strategic outcomes were of secondary importance and generally related to achieving reduced HR costs.

Walker (2001) hints that for success of technology in the HR domain there needs to be a dramatic improvement in the level of service, reducing costs and allowing more time for higher value tasks.

Stone et al (2006) suggests e-Human Resource Management can result functional consequences such as increasing organizations ability to access, collect and disseminate information. In addition they may give individuals greater access to information about job opportunities, benefits and performance feedback

Ruel, et al (2004) states that e-Human Resource Management can be designed with three kinds of goals in mind: improving traditional Human Resource Management strategic orientation, improving efficiency and improving client service orientation, thus resulting in three different types

of e-Human Resource Management: operational - concerning the administrative area (such as payrolls; on-line conference systems); relational - concerning the way to manage the relationship between the organization and employees (such as HR services through the intranet; online firm communities); and finally - transformational, towards the alignment of employees and organizational strategy (such as knowledge management systems; e-recruitment and online employer branding).

e-Human Resource Management benefits the organization as it : helps to improve administration & efficiency, orientation & service, HR's strategic orientation, helps in cost reduction, reduces administrative work, reduces administrative staff, employees can experience more Human Resource Management skills with the help of e-Human Resource Management. Also helps to get updated news of the organizational

dynamics which helps to take part in online discussion, making the communication process faster and also saves time as it is time efficient.

Shrivastava and Shaw (2004) in a study identified the value creation through e-Human Resource Management in terms of diminished administrative tasks, concentrated strategic activities, improved HR response times, helping internal clients in doing their jobs effectively by improved decision making and enhanced quality of HR services in the work place.

Lengnick in a study to find the impact of e-Human Resource Management on the Human Resource Management function concluded that e-Human Resource Management creates value to the organization in terms of change from administrative to managerial activities, new roles as human capital steward, as relationship builder and knowledge facilitator are assumed to improve decision making,

due to relevant and accessible information managers & employees can respond quickly to the changes, improves service delivery by less information errors, tracks & controls HR actions, improves administrative efficiency, increases data accuracy, improves productivity and also reduces Human staff.

A. Chamaru De Alwis studied to identify how e-Human Resource Management has shifted the focus of the role of HR in Sri Lankan firms. The findings revealed that there are several reasons for driving organizations towards the adoption of e-Human Resource Management in Sri Lanka and the most common of which are desire to be are the leading edge, recognition of business benefits which could be achieved through e-Human Resource Management implementation, need to keep up with competitors and employee attitudes in order of popularity. The critical success factors for the implementation of e-Human Resource Management in

the Sri Lankan context in order of importance are: employee attitudes, organizational culture and characteristics, collaboration of Human Resource Management and IT, management commitment and individuals IT skills.

Conclusion:

The review of literature on Human Resource Management practices shows that to effectively manage the human resources the organizations need to implement innovative Human Resource Management practices. The organizations which implements such practices with dedication, remains ahead of their competitors because such practices affects other variables such as competitive advantage, job satisfaction, financial performance, employee turnover, service quality, employee commitment etc. in a positive manner and leads to overall corporate performance. Therefore e-Human Resource Management is way of doing Human Resource Management in cost effective manner

and creates value to the Organization in terms of improved administrative efficiency, increasing organizations ability to access, collect and disseminate information, speed-up processes, enhances quality of HR services, improved client orientation and service, efficient services, improved HR strategic orientation, dynamic workflow in the business process and reduces administrative burden.

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