The Impact of Human Resource Information System on Human Resource functions: A Study on Multinational companies

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Abstract

Human resource management plays major role in a knowledge-based economy, where thoughts, ideas and skills are greatly valued, innovative and creative manpower is necessary to accomplish future goals and meet the challenges of this new economy. This paper focuses on the impact of HRIS on HR functions. The nature of this research is exploratory and using 150 respondents from 4 different Multinational companies (as per their market share) are taken to see the sights of the objectives. Efficient and effective management of human capital is increasingly an essential and complex process. This study attempts to analyze and identify the role and the importance of the use of HRIS on the HR functions of an organization. It includes all the different levels of management like top level, managerial level, and executives of HR working in different multinational companies. HRIS also facilitates in the strategic actions of HR managers and more in training and development, payroll system, applicant tracking in recruitment and selection and manpower planning. While evaluating the overall contribution of HRIS in HR functions it is concluded that HRIS identifies all information of occupied and unoccupied positions in an organization very successfully and accurately. Human resource information system (HRIS) or human resource management system (HRMS), is basically an intersection of human resources and information technology through a various HR software solutions. This research paper helps to know about how HRIS help the organization to enhance their HR functions.

Keywords: HRIS, HRMS, HR functions, Strategic actions. Payroll system

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Introduction-

In this dynamic world in which we live, new expertise, knowledge and technology is continually being developed. This transformation requires organizational leaders to be aware of the different types of technology which could improve and develop the organizational effectiveness. Human Resource Information Systems (HRIS) have significantly developed since they were first launched more than 50 years ago. They have gone far away beyond their innovative and original purposes of converting manual records into computerized information databases. In recent times, HR/payroll systems have capability to handle several of human resource functions. HR Software systems are now full of features and self-contained not just the data storage systems we once knew them as. The developed and updated HRIS will help the organization to store all information of employees effectively, securely and accurately. Modern HRIS systems are now tools that HR Professionals can use on a daily-basis for several purposes. In the past, companies were used to tracking data on paper and spreadsheets. However, with modern technologies many companies have realized the importance of implementation of computerized systems, like Human Resource Information Systems. By moving to HRIS, companies are able to keep more accurate and up-to-date records, allowing them to better prepare for future growth in their companies. In different situations, HRIS will also lead itself when it comes to making decisions in HR. The decisions made should also increase in quality—and as a result, the productivity of both employees and manages should increase and become more effective.

An effective HRIS provides information on just about anything the company needs to track and analyze about employees, former employees, and applicants. On the operational level HRIS data can be used to identify potential internal applicants for job vacancies, saying external recruitment costs and assuring employees of career opportunities. HRIS enables the human resource department to make a more active role in organizational planning. Computerization will make forecasting more timely, cost effective, and efficient. With continued technological breakthroughs HRIS systems are becoming increasingly advanced. One of the most core HRIS functions is intranet HR self service. These days many MNCs use their intranet today for online appraisals, career management, sentiment surveys, training registrations and publishing people related company information. An HRIS or HRMS monitored by qualified specialists who know technology and HR functional and tactical processes can manage compliance with federal and state laws, streamline processes for recruitment and selection, and produce analyses, data and reports for internal and external use. Other advantages of an HRIS include the ease of use for qualification computer technology specialists, accuracy of information and the ability to perform HR audits using any combination of parameters.

Literature Review

The existing literature on HRIS suggests that they have different impacts on HR across organizations, but provides little explanation for this variation. It is early suggested that HRIS were used predominantly to automate routine tasks and "to replace filing cabinets" (Martinsons, 1994). HR professionals began to see the possibility of new applications for the computer. The idea was to integrate many of the different HR functions. The result was the third generation of the computerized HRIS, a feature-rich, broad-based, and self-contained HRIS. The third generation took systems far beyond being mere data repositories and created tools with which HR professionals could do much more (Lloyd, Byars, Leslie, & Rue, 2004). It has the potential to assist the HR function in developing business strategy, and thus enhancing organization performance (Barney & Wright, 1998; Broderick & Boudreau, 1992; Gueutal, 2003; Lawler, Levenson, & Boudreau, 2004; Lengnick-Hall & Moritz, 2003). HRIS is used to acquire, store, manipulate, analyze, retrieve, and distribute pertinent information regarding an organization's human resources (Kavanagh, Gueutal, & Tannenbaum, 1990). It provides HR professionals with the time needed to direct their attention towards more business critical and strategic level tasks, such as leadership development and talent management. HRIS provides an opportunity for HR to play a more strategic role, through their ability to generate metrics which can be used to support strategic decision-making (Lawler & Mohrman, 2003). The current generation of HRIS automates and devolves routine administrative and compliance functions traditionally performed by corporate HR departments and can facilitate the outsourcing of HR. More recent research shows greater use of HRIS in support of strategic decision making by HR. With an appropriate HRIS, HR staff enables employees to do their own benefits updates and address changes, thus freeing HR staff for more strategic functions. Additionally, data necessary for employee management, knowledge development, career growth and development, and equal treatment are facilitated. Finally, managers can access the information they need to legally, ethically, and effectively support the success of their reporting employee. Madhuchanda Mohanty and Santosh Kumar Tripathy (2009)4 analyzed the HRIS of NALCO in their study. The authors exhibit that the use HRIS in NALCO has improved the overall pace and competence of HR functions, but still needs some more developments. The study also states that HRIS cannot be used for analytical purpose but can only be done for administrative purpose.

2. MD. Sadique Shaikh (2012) discussed about three models for HRIS designing namely basic HRIS design model, HRIS hexagonal and HRIS phase's model. The author emphasized on the payback of HRIS designing and execution for all levels and domains of businesses; in the form of profitable strategic HR related business plans and decision, to forecast and to control HR process inside and outside of business organization using HR-databases or HR Knowledge base's, which includes information related to human resource maintained and processed by HRIS.

3. Prof. Dr. Anil C. Bhavsar (2011) has discussed about various advantages, applications and importance of HRIS. The study also highlights "today's HRIS has the potential to be an enterprise wide decision support system that helps achieve both strategic and operational objectives".

4. Kenneth et. al. (2002) in his research paper has stressed upon various administrative advantages which may include employee self service, interactive voice response etc. and strategic advantages of HRIS which can be in the course of information gathering, processing, and sharing.

5. Dr. Shikha N. Khera, Ms. Karishma Gulati (2012) in their research paper have stressed upon Impact of HRIS on Human Resource Planning and the advantages of HRIS with special reference of IT companies

Research objective

The main objective of this study is to examine and analyze effect and effectiveness of HRIS on the HR function of the organizations. Thus this research paper involves three research questions that are:

(1) What is the effect and the effectiveness of HRIS on HR functions of the organization?
(2) Whether HRIS has created an impact on the HR activities?
(3) Has implementation of HRIS brought any changes or development in the working environment of HR department?

Research Methodology

Data Collection
Sample of 125 respondents from top 4 Multi National companies (on the basis of their market share) have been taken to discern the role of HRIS on HR functions of their organizations. The research design used is exploratory. In this research data collected mainly by primary sources but secondary sources are also used. Primary sources include questionnaire for this study filled by employees of companies. Secondary data collected from different sources including internet, website of various MNC etc..By means of survey and interviews, and SPSS statistical package (used for analyzing data), this exploratory research paper aims at exploring the role of HRIS in human resource functions in different organization.

Data Analysis and Findings

Investigation of benefits of HRIS in Multi National Organizations

Table 1 – Descriptive Analysis

	N	Min	Max	Mean	Std deviation
Supervison and manpower controlling	125	1	6	3.43	2.165
Attendance and payroll management	125	1	6	2.82	2.269
Reduction labour cost	125	1	6	3.40	1.953
Information security	125	1	6	2.62	2.168
Data management	125	1	6	4.02	1.425
Statutory measures	125	1	6	3.40	1.832
HR decisions	125	1	6	3.02	1.165
	125				

Interpretation

Table 1 clearly portrays the explanation of advantage of HRIS is its ability to data management a sit has the highest mean of 4.02. Other than this efficient HRdecisions. supervision and manpower controlling, reduction labour cost and statuary compliance are other crucial advantages of HRIS. high standard deviation shows that respondents are somewhat dubious that HRIS gives anytime and anywhere access of human resource information and it provides security and confidentiality of the data.

Table 2-Component Matrix

	Component				
	1	2	3	4	5
Grievance Redressal	.045	.008	.465	-.220	.462
Personal identification	.837	-.303	029	.071	-.055
Absenteeism	.853	-.099	.069	.044	-.014
Employee turnover	.046	-.084	-.032	-.016	.024
Cost to company of per employee	.027	.228	-.333	.877	-.222
Training	.347	.833	-.184	-.167	-.061
HR Planning	.0368	.704	-.267	-.255	-.061

Extraction Method: Principal Component Analysis.
a. 3 components extracted.

Table:3 Rotated Component Matrix

	Component				
	1	2	3	4	5
Grievance Redressal	.009	.002	.111	-.211	.715
Personal identification	.846	.025	-.019	-.007	.010
Absenteeism	.845	.122	.0323	-.019	.056
Employee turnover	.665	.118	-.032	-.015	.035
Cost to company of per employee	-.007	-.018	.057	.823	.035
Training	.077	.825	.112	-.011	-.072
HR Planning	.022	.962	.063	-.047	-.089

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Table 4-Component Transformation Matrix

Component	1	2	3	4	5
1	.822	.247	.016	.004	.041
2	-.227	.766	.263	.047	-.032
3	.069	-.172	.723	-.141	.324

Interpretation-

  table clearly shows that these three factors have been extracted from above seven facto rs. All these factors having Eign value grater that 1 are considered as together one fact or.

Summary table as below-

Table 5- Summary of extracted factors

Component		
F1(Budget factors)	• Cost of salary and other benefits • Cost of employee's selection	.784 .820
F2(Employee Management)	• Personal information • Absenteeism analysis • Employee turnover analysis	.954 .971 .944
F3(Compensation and benefit)	• Compensation management • Performance management • Incentives and other benefit administration	.633 .875 .875

After analysis of various factors, these factors contribute 81.422% of total factors.

.**Findings of the Research**

In the questionnaire we used questions to check the effectiveness of modern methods of handling information system which replaced traditional methods.

Some important findings of the study are:

- Human Resource plays an important asset for current organizations especially in Multinational companies.
- In the current dynamic trend, it is important for multinational companies to manage its Human Resources in an effective manner, for which HRIS plays a very important role.
- Much of the service based organizations now-a-days are using HRIS for managing their different functions of HRM.
- Lots of MNCs face problems during the implementation of HRIS but it makes work easier and faster.

Conclusion

The main conclusion of this research paper to realize that use of HRIS is most effective then manual system because it keep records in data bank with more accuracy and takes less time in operation. It works as a key component of organization and for maintains HR functions .HRIS helps organization to performing their HR functions both quantitatively and qualitatively. It can store various data about the employees, not only to organizing HR functions but also to find out about the job performance, behavior ,skills and abilities of each employee in the organization.HRIS is not limited only in software applications, It also includes the policies, procedures and data required to manage all functions . this study demonstrates that this technical system is sometimes complicated and complex to work, but it has helped to support the HR practices with the organizational plans , identify development areas, and keep abreast with the current

practices. A

followup study can be done to observe if more organizations have adopted HRIS or if theHRIS can be applied for more strategic purposes. By building the HRIS as a part of the business organization, the HR department can transform itself to be a strategic business partner.

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