Role of Human Resource Information System (HRIS) in Strategic HR Tasks

Pallavi Gautam[a]* and Rohit Kaushik[b]
[a]Shiva Institute of Management Studies, Ghaziabad, India
[b]Ansal Institute of Technology, Gurgaon, India
*pallavi1012gautam@gmail.com

Abstract

The subject of the strategic relevance of human resource management in organizational plans and models provides a deep foray into one of the core success factors that effectively underpins the achievement of leadership and managerial objectives. This insight drives the current inquiry into one of the principal levers of modern human resource management identified as Human Resource Information System. HRIS provides management with strategic data not only in recruitment and retention strategies, but also in merging HRIS data into large-scale corporate strategy. HRIS are seen to facilitate the provision of quality information to management for informed decision-making. Companies are increasingly realizing the advantage of having systems that capture, analyze, and report on the host of human resource aspects that are critical to running a business and share it with the employees so that they self-regulate their contribution. HRIS is a tool to achieve this objective. Thus, HRIS play role in strategic HR tasks.

Keywords - Strategic HR Tasks, HRIS, Decision Making, Competitive Advantage

Introduction

The subject of the strategic relevance of human resource management in organizational plans and models provides a deep foray into one of the core success factors that effectively underpins the achievement of leadership and managerial objectives. This insight drives the current inquiry into one of the principal levers of modern human resource management identified as Human Resource Information System. Invariably, human resource management (HRM) issues have been major concern for managers at all levels, because they all meet their goals through the efforts of others, which require the effective and efficient management of people. The spacious array of HRM activities for example, planning, recruiting, selection, and training just to mention but few place enormous responsibilities on supervisors and managers alike.

However, according to Stewart (1996), the human resource management function has faced a scuffle in justifying its position in organizations. Firms easily justify expenditures on training, staffing, reward, and employee involvement systems in favorable conditions, but when faced with financial difficulties, such Human Resource (HR) systems become prime target for cutbacks. Nonetheless, introducing strategic human resource management (SHRM), in exploring HR's supportive role in business strategy, presented a possibility for demonstrating its value to the firm.

Lately, the increasing pressure to support strategic objectives and the greater focus on shareholder value have led to changes in both job content and expectations of HR professionals (Storey *et al.*, 2000; Ball, 2000). Similarly, Schuler *et al.*, (2001) and Mayfield *et al.*, (2003) noted that one such major changes included contemporary use of Information Systems (IS) in support of the HRM process. More so, a careful analysis indicated that increased human resource information systems (HRIS) usage enabled improved professional performance and thus facilitated involvement in internal consultancy activities (PMP (UK) Ltd 1997). In addition, according to Ulrich (1997), using HRIS provides value to the organization and improves HR professionals' own standing in the organization.

In another development, Brockbank (1999) suggested the need for HR to become a strategic partner. 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. Through proper HR management, firms are able to perform calculations that have effects on the business as a whole. Such calculations include health-care costs per employee, pay benefits as a percentage of operating expense, cost per hire, return on training, turnover rates and costs, time required to fill certain jobs, return on human capital invested, and human value added. It must be noted though, that, none of these calculations result in cost reduction in the HR function. The aforementioned areas however, may realize significant savings using more complete and current data made available to the appropriate decision makers. Consequently, HRIS are seen to facilitate the provision of quality information to management for informed decision-making. Most notably, it supports the provision of executive reports and summaries for senior management and is crucial for learning organizations that see their human resource as providing a major competitive advantage. HRIS is therefore a medium that helps HR professionals perform their job roles more effectively.

Further, various studies had offered a conclusive evidence to affirm the role HRIS plays in support of strategic decision-making. Human Resource Information System (HRIS) is an integration of HRM and Information Systems (IS). HRIS or Human resource Information system helps HR managers perform HR functions in a more effective and systematic way using technology. A human resource information system (HRIS) is a system used to acquire, store, manipulate, analyze, retrieve, and distribute pertinent information about an organization's human resources (Tannenbaum, 1990). The HRIS system is usually a part of the organization's larger management information system (MIS) which would include accounting, production, and marketing functions, to name just a few. Human resource and line managers require good human resource information to facilitate decision-making.

Companies are increasingly realizing the advantage of having systems that capture, analyze, and report on the host of human resource aspects that are critical to running a business and share it with the employees so that they self-regulate their contribution. HRIS is a tool to achieve this objective. Finally, in human management, perceptions of equity and justice are extremely important for managerial credibility and employee satisfaction. Consequently, HRIS, which helps in identifying policy effects as well as the pattern of policy implementation at various locations, by different people at different points of time, helps in detecting infringements of equity. The field of Human Resource Management (HRM) has in recent times been seen as moving away from a supportive - selecting, training, and retaining- (Porter, 1996) to a strategic role. Rather than being supportive, focusing on recruiting, training and taking care of benefits, HRM's role has become strategic building and using human capital to ensure competitive advantage.

This is further explained using a diagrammatic presentation in Figure 1 to illustrate the strategic and supportive roles of HR, and HRM functions.

The Arrow 1 indicates that a strategic role for HR moves parallel with a strategic role for HRM. Strategic role for HR does not necessarily imply a strategic role for HRM. The two are not identical but perform different functions in an organization. HR either may support a firm's processes or may constitute strategic resources that allow the firm to achieve competitive advantage. Such a shift in the status of human resources is represented by arrow 2. Similarly, the HRM function may support a firm's HR by selecting, training, and retaining them or theoretically representing an HRM capacity that gives the firm a competitive advantage over others. Such a shift of HRM function is represented by arrow 3. Conclusion is that given the two separate dimensions, where human resources become strategic, the HRM function might very well maintain its supportive role.
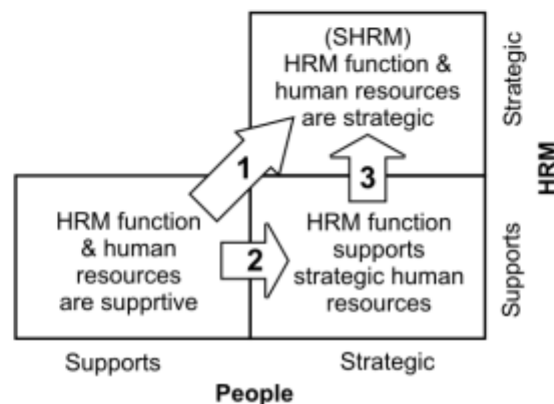

Figure 1: The supportive and strategic role of HRM function

HRIS is capable in shaping the integration between HRM and IT and is also applicable to HRM tasks. This means that HR professionals would be able to cope with their new roles without panicking because the new role is still supported by HRIS.

Hypothesis formulation

Hypothesis purported that HRIS plays a major role in strategic HR tasks. To answer if HRIS play any role in strategic HR tasks, following Hypothesis is formulated.

Hypothesis: HRIS play a major role in strategic HR tasks.

In identifying the role of HRIS in strategic HR tasks, the following question was asked.

Q. To what extent do HRIS play a role in strategic HR tasks?

Study Design

To indicate the extent of HRIS role, respondents were asked to express their opinion using a scale, 1 to 5 (Not at all = 1, and Very much = 5). Moreover, it is assumed that a mean value greater than 3 will offer support for the hypothesis above. A single sample t-test will be carried out in order to assess the differences between the mean value and the hypothesized mean.

Sampling & Response Trend

The questionnaire was sent to 170 companies out of which 27 were returned representing 15.9% response rate. In all, it took more than three weeks to receive the 27 responses, however, 24 (14.1%) out of the 27 were actually used. This rate of response was very low, and this can be attributed to the fact that the sample universe was not large enough, which also stemmed from the non-availability of respondents' personal contact information and financial constraints. Three of the responses were not usable because, the questionnaire was not filled at all.

Analysis & Data Validation

A single sample t-test was conducted using a hypothesized mean value of 3. This was because, respondents were asked to use a scale 1 to 5 in responding to the question. The aim here was to compare the sample mean with the hypothesized mean for probability estimation, that the sample mean is different by chance or random occurrence.

The t-test revealed that the "Question" used for this hypothesis had a mean value of 3.88 with a corresponding significant p-value of less than 0,000 (See Table 1 below). It showed that there is a significant difference between the two mean values, and therefore indicated that the probability of this being a chance was 0 (t-test, $p<0.05$). Figure 2 is the graphical representation of the results.

Table 1: The extent of HRIS role in strategic HR tasks (T-test) One-Sample Test

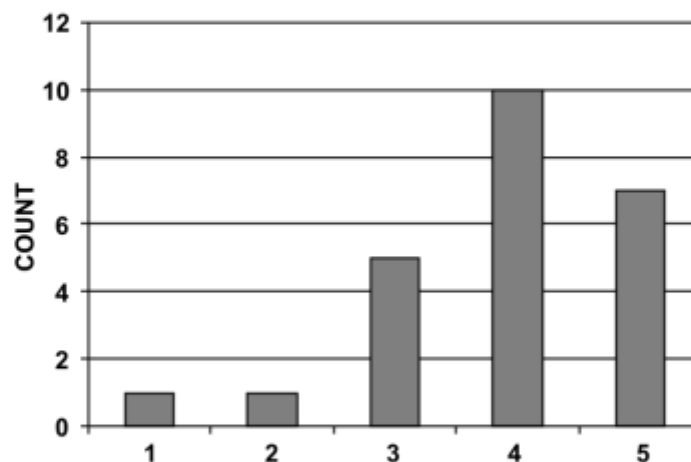|	Test Value - 3				98% Confidence Interval of the Difference	
	t	df	Slg. (2-talled)	Mean Difference	Lower	Upper
The extent of HRIS role in strategic HR tasks	4,143	23	,000	,875	,44	1,31

Figure 2: Frequency distribution of the extent of HRIS role in strategic HR tasks

Result and Discussion

The study revealed that a cumulative savings yielded a return on investment. That was attributable to the use of an HRIS. Furthermore, Gardner *et al.*, (2003) concluded that extensive use of IT enabled HR professional to have more information autonomy, and it is positively associated with HR professional spending more time on IT support activities. In addition, functional specialists reported increased time demands for both transformational activities and IT support activities.

Moreover, the Gardner *et al.*, (2003) result supported the theorized impact suggesting that with more IT, HR tasks are further automated (Broderick and Boudreau, 1992; Greengard, 1999; Groe and Pyle, 1996; Hatlevig, 1995; Wilcox, 1997). Increased use of human resource information systems (HRIS) allows professionals to achieve improved performance and thus facilitate participation in internal consultancy activities (PMP (UK) Ltd 1997). Ulrich (1997) and Brockbank (1999) also realized that HR professionals both provide value to the organization and improve their own standing in the organization by using HRIS. They supported the need for HR to become a strategic partner. HRIS are medium that helps HR professionals perform their job roles more effectively (Grallagher, 1986; Broderick and Boudreau, 1992) and to support strategic decision-making. Therefore, given the unrelenting HRIS support to the HR professionals' job, it will equally not be a surprise if HR professionals think that HRIS are used in support of strategic HR tasks.

Conclusion

The formulated hypothesis was accepted but the degree of acceptance differed. 'Thus HRIS plays major role in strategic HR tasks'. The empirical results of the study revealed that HRIS play a key role in strategic HR tasks. This is an indication that HRIS capabilities in shaping the integration between HRM and IT (Hendrickson, 2003) are also applicable to HRM tasks. This means that HR professionals would be able to cope with their new roles without panicking because the new role is still supported by HRIS.

However, in the case of specific strategic HR tasks, the degree of the support depended on the type of organization. Larger firms/companies experienced a great deal of HRIS support in most of the strategic HR tasks namely communication, human resource development and workplace learning, career management, business process reengineering, and decision-making. On the contrary, HRIS usage in support of commitment management, and managing trade union relations with organizations did not reveal any significant difference in proportion of users in SME and large companies. It implies that users of HRIS need to identify their strategic HR tasks and organization type before embarking on any HRIS implementation in order to enjoy the full benefit of using HRIS both to HR professionals and to the organization as a whole.

Reference

Brockbank, W. 1999. If HR were really strategically proactive: present and future directions in HR's contribution to competitive advantage. *Human Resource Management*, 38(4), 337-352.

Schuler, R. S., Jackson S.E., Storey J.J. 2001. HRM and its link with strategic management.

Broderick, R., Boudreau J.W. 1992. Human Resource Management, Information Technology and the competitive advantage. *Academy of Management Executive*, 6(2), 7-17.

Gallagher, M. 1986. Computers in Personnel Management, *Heinemann, UK.*

Ulrich, D. 1997. Human resource champions, *Harvard Business School Press, Boston.*

Tannenbaum, S.I., 1990. HRIS: user group implications. *Journal of System Management*, 41(1), 27-32.

Porter, M. E. 1996. What is a strategy? *Harvard Business Review* (November-December): 61-78.

Greengard, S. 1999. How to fulfill technology's promise. *Workforce*, 10–18.

Hatlevig, T. 1995. Let your fingers do the talking. *Personnel Journal*, 74 (8), 105.

Groe, G. M., Pyle, W. 1996. Information technology and HR. *Human Resource Planning*, 19(1), 56–61.

Wilcox, J. 1997. The evolution of human resources technology, *Management Accounting Human Resources*, 3–5.