

E-HRM: A TOOL FOR COST REDUCTION IN ORGANISATION

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ABSTRACT

In this transforming business world, technology is become an integral part of every individuals and the organisations. The usage of technology particularly information technology and web technologies (computers and internet) helps the individuals and the organisations to simplifying the daily tasks and solve the problems arises in day to day activities. It helps the organisations in some business processes and enhances the efficiency of organisational performance. In this contemporary business, information technology tools are essential to make the business processes effectively and efficiently. Increasing competition in the current business world, pressurise every organisations to start realising the importance of information technology in the business and implement new innovative ideas to stay alive in the cut throat competition market. Every department of an organisation plays an important role in the success story of the company, especially the human resource management department. The implementation of information technology to this department in an organisation will develop a new concept as E-HRM. According to some researchers, the implementation of IT in HRM has various effects on the traditional way of human resource management processes either positive or negative. The main focus of this paper is on the positive side of E-HRM and its application to reduce the cost in an organisation. In this research paper, the researcher tries to represent the facts in two different themes such as one is the available definitions in the existing literature so far and other theme will be to represent how the application of E-HRM will leads to reduce cost. For the above purpose, the data collected for is secondary in nature and has been collected from the various known databases such as EBSCO, EMERALD, PROQUEST, GOOGLE SCHOLAR etc. and for the study, the researcher also gone through the various articles from different libraries. In doing so, this study can offer an in-depth knowledge and understanding of e-HRM and its effects on cost.

Keywords: E-HRM, cost reduction, HRM, Information technology, web technology.

INTRODUCTION:

Nothing is constant in this world, everything is changeable so as technologies and processes. To be success in this rapidly changing world, the organisations have to adopt the new changes quickly than the competitors. Human resource manager is known as the change agent for the organisation to bring the change effectively into the organisation that may in terms of change in processes or in technologies. According to Hensi Margareta (2008), due to increasing demand of internet in the worldwide, many business firms try to develop their business through internet. Technological advancements are acts as strong driving forces for the organisations to change their way of doing business, communicate and work. Digitalisation in the business processes have reformed and enhanced the organisational activities. The impact of digitalisation can be seen in every department, profession and all functions of management. Like all department, human resource management also been affected by the on-going development of new technologies. In early days of development of HRM, it was treated as mere a staffing function of human resource (HR). But in the past few years, this has been considered as an important role player in the success story of the organisations by providing the services as an expert to the management, works as strategic line function rather mere advising staff function because of the advancement of web technologies. This implementation of technology in HRM makes the human resource manager a business partner and a change agent for the organisation. Basically, every organisation is depends on HRM for better utilisation of the resources and plan for the different task of top level management. E-HRM is using the IT (information technologies) for developing network within the employees and supporting them to share the performance of HR activities and practices among each other's. If any organisations E- HRM system is good then the success and performance of the organisation will be ensured. It is a web based solution that uses the information technologies to help the organisation to furnish all the HR functions like acquire, develop and deploy the human resources of the organisation. E-HRM will provide a portal where the managers, employees and other stake holders can view the necessary information. It enables the managers and HR professionals to alter and extract the information, which is necessary for the HR functions and can take the decisions quickly. The information technologies and web technologies (WWW) has helped HR managers in many processes like in HRP (human resource planning), recruitment, selection, training, performance management and compensation management etc. this new advanced tool e-HRM enables the managers to provide better service to all the stake holders and also reduce the burden with effective cost control. In this competitive world time is money; any tool provides the facilities to speed up the activities, productivities or control the costs are being implemented. In support to this Foster (2010) said that the biggest advantages of E-HRM is cost reduction.

RESEARCH OBJECTIVES:

- To elucidate how the e-HRM helps in cost reduction in organisation
- To understand the other benefits of e-HRM

RESEARCH METHODOLOGY:

The present study is a descriptive; the data of this study were obtained from the secondary sources. The secondary data has been collected from the various references which are already existed in published form.

LITERATURE REVIEW:

According to Watson Wyatt (2002), e-HRM is differently known as digital HRM, web based HRM etc. since the 1990s, and the organisations are increasingly using electronic human resource management. In supporting to this Olivas et. al (2007) also mentioned in their articles that e- HRM is used interchangeably with virtual HRM, HR intranet, Web based HRM and HR portals.

Panayotopoulou et. al. (2005) said that, due to the advancement in technologies enables the organisations to use information technology to control and manage all the various HR processes

effectively. It contributes towards the availability of the strategically information and knowledge, that's leads to create competitive advantage.

Ruel et al.(2004) states that, e-HRM is the process of planning, implementing of information technology for create network between at least two or more individuals regarding their performances in different HR activities and support each other. From the technical point of view the IT possibilities for HRM are endless; it can be used or implemented in every HR activities.

Kettley P and Reilly P (2003), stated E-HRM as a computerised systems of human resource information, named as CHRIS which consists a fully integrated network of all HR related data, services, tools and transactions throughout the organisations. Again they consider e-hrm as a conventional web technology that can improve the HR administration and enhance the process performances.

Ernst Biesalski,(2003), defined e-hrm as a web based tool that automate and support in all the HR activities. It facilitates the e-hrm related activities like e-recruitment and helps the employee to deal personally with their information for HR purposes in the organisation. This offers more self-service to the employees.”

Mary Gowan has defined e-HRM as a tool which use the latest web technologies to provide the information online and real time human resource solutions. This can be easily altered as per the need of the organisation so it is flexible in nature.

According to MS Kauffman, e-HRM is a planned change in the process of administrative task through information technologies by utilising new processes, methods of work, new technologies that increases productivity, increase in quality of products and increase profit level and also provides better methodological analysis and control. In addition to that, this automation system has the ability to improve efficiency by reducing the wasted resources including rejects or errors in production; helps in increase consistency, quality and maximise the profit by providing high customer satisfaction.

From the literature review it has been found that , the researchers categorise the E-HRM into three types such as; operational e-HRM, that involves all the administrative functions of traditional HRM (salary and data administration) , relational e-HRM, concerned with all the business process like(recruitment, selection of job applicants, training and performance measurement) and another one is transformational e-HRM, which related to the strategic part of human resource functions like organisational change management (Snell et al., 2001; Ruel et al., 2004) and provides endless possibilities to the employees to communicate with others throughout the world at any time of the day (Parry & Tyson, 2010).

How various e-HRM activities help the organisation to reduce the cost?

1. *E-Recruitment*: the primary function of HRM is to recruit the prospective employees from the labour market by attracting the individuals by providing necessary information about the organisations, job and other information required for the recruitment in the different means of advertising in the different medium which increases the cost to the organisation. By implementation of information technologies (computers and internet) number in the organisation helps to provide the information online to a wide number of individual with a minimum cost and effort. Some companies are using e-applications for the individuals who are looking for a job. For this the organisations need to upload all the necessary information in the web portal which gives an easy and stimulate the individuals to apply for the job. This also provides various provisions to screen the applicants through the web sites only which may leads to reduction in cost. In this current labour market, many applicants are available for each job advertised by the organisation. E-HRM helps in tracing the applicant through the selection process while they passed over from one competition to another; this may be a good match for organisations and this enables the organisation to save significantly the recruitment cost by reducing advertising and administration costs.
2. *E-Employee Profile*: in this competitive world, the success of the organisations lies with the amount of information they have. Information about everything especially regarding the employees profiles. E-employee profile can help the organisation to maintain and manage the employee's information like personal information, professional, certification, education, work experience, skills, competencies etc. in a employee database. This simplifies the HR managers work to identify the right employee for the right job at the right time by providing all the information of employees' skill

- and organizational chart. E-employee profile also help the individuals, managers to identify the availability of employees, utilization of employees, job , service details for easy and quick decision on locate the right employee with less cost.
3. *E-Selection:* now most of the organisations are using job search engines for their selection purposes. They recruit the employees through the websites available in the WWW like naukari.com, monster.com, times job.com etc. all the selection activities like screening, different test and interviews are done online for testing the applicant's knowledge, skills, behaviour and attitude. This online test doesn't require any physical place, administrators and offices to deal with the test leads to reduce the cost of selection. Test online by using strong IT which helps to reduce the cost.
 4. *E-Training:* training is most important function of HRM in any organisations as this deal with the efficiency of the employees. In traditional way of giving training in an organisation is to sacrifice time of work and cost to the employees and managers. Most of the organisations are start using internet or computers to provide training to the employees inside or outside of the organisation through online. This enables the organisations to save work time and reduce the direct cost of training like: instructor's fees, training material and other facilities. And also reduce the indirect cost of training like travel expenses in case of outside training, work downtime etc. this e-training system will enable to reduce cost efficiently and conducted at any time as the convenience to the organisation.
 5. *E-Learning:* E-Learning refers to the process of getting knowledge; create knowledge, share and management of the skills and knowledge in an organisation. This process in enriched with the facilities of information technology helps the employees to share and transfer the skills and knowledge with other employees efficiently and easily. This is based on web based applications consists of computer based learning, virtual class room, sharing of information through internet, intranet/extranet, satellite broadcast, interactive TV, CD-ROMs etc. helps the organisation to save time of learning of the employees with less cost.
 6. *E-Performance Management system:* it is an appraisal system based on web services (intranet and internet) to evaluate the skills, knowledge, performances of the employees effectively without wasting much time and money for the appraisal purpose. This reduces the money and time of the organisation to use other important aspects of organisation.
 7. *E-Compensation:* compensation is the primary motivator for the employees to work enthusiastically in the organization so it is quite important for all type of organisations whether small or large must focus on the efficient compensation management system. This process helps the managers to allocate and fix the salary to the employees effectively with maintain the equitability in the organisation as per the budget of the company. IT intervention in this system produces the new system as E-compensation system where organisations are using internet or intranet for compensation planning and management. This enables employees to get all the necessary information regarding their salary or compensation easily and conveniently leads to satisfaction among the employees helps the organisation to retain good employees. This leads to save cost in terms of retaining best employees.
 8. *E-Leave:* It helps to reduce the cost by defining the work force in advance and to review the past data records of the employee leave etc... In this way it will reduce the cost.
 9. *Anywhere, Anytime Access:* the implementation of information technologies in the function of HRM enables the stake holders to view or use the information at their convenience time and place as a web-based HR service system; HRIS offers the flexibility of accessing the information 24/7 hours, from anywhere with internet connection and IT. Which enables to reduce the operational cost?
 10. *Grievance Tracking and Analysis:* another important function of HRM is maintain Industrial relations with the unions, management and the government organisation for the better or smooth conduct of the production. Generally, in the process of grievances management, there is always the obligation from both the parties to the grievances is that about the steps and timing of the contract. Digitalisation of grievance management system enables the company to avoid ill-will due to unnecessary reasons of being late in solution and also avoid the prospect of losing grievances or arbitrations for different technical reasons leads to save money and reduce cost.

11. *Eliminate Majority of HR Paperwork:* With the growing awareness for environmental sustainability, many companies are looking for ways to “go green.” Implementing a HRIS will help reduce almost all of the paperwork associated with HR tasks we can save money and time.

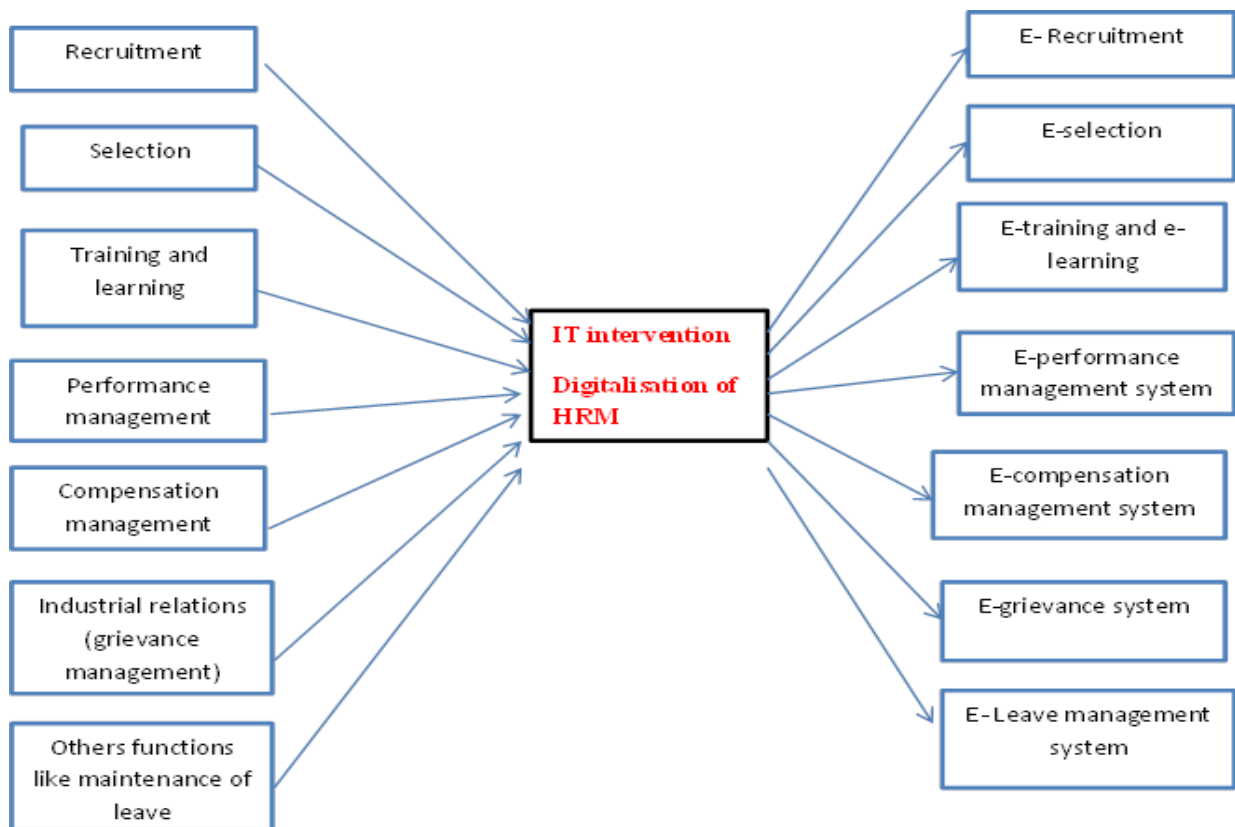


Figure: shows the traditional HRM function and E-HRM functions after IT intervention.

OTHER BENEFITS OF E-HRM:

- E-HRM reduces administrative work and increase administration efficiency.
- e-HRM reduces administrative staff leads to cost control
- It provides all the updated information to the employees easily and conveniently.
- This enables the employees, employers and the entire stake holder to take part in the various discuss online.
- E-HRM helps the employees for their career management.
- For the organisations having the employees around the world, e-HRM helps to maintain and control the data and information of employees easily and effectively.
- E-HRM provides better security to the data and information than the traditional way of keeping data in the organisation.
- This helps the employees around the world to easy access to the necessary information regarding the organisation as this supports multi-language.
- the solution can be accessed and used in a web browser
- parametric and customizability
- It provides a user-friendly interface to help stake holders to access the information easily.
- connectivity with the client's existing information system (payroll accounting, ERP, attendance registration, document systems... gradual implementation
- It helps the organisation to collection of information as the basis for strategic decision-making and provides an insight to reporting and analysis.

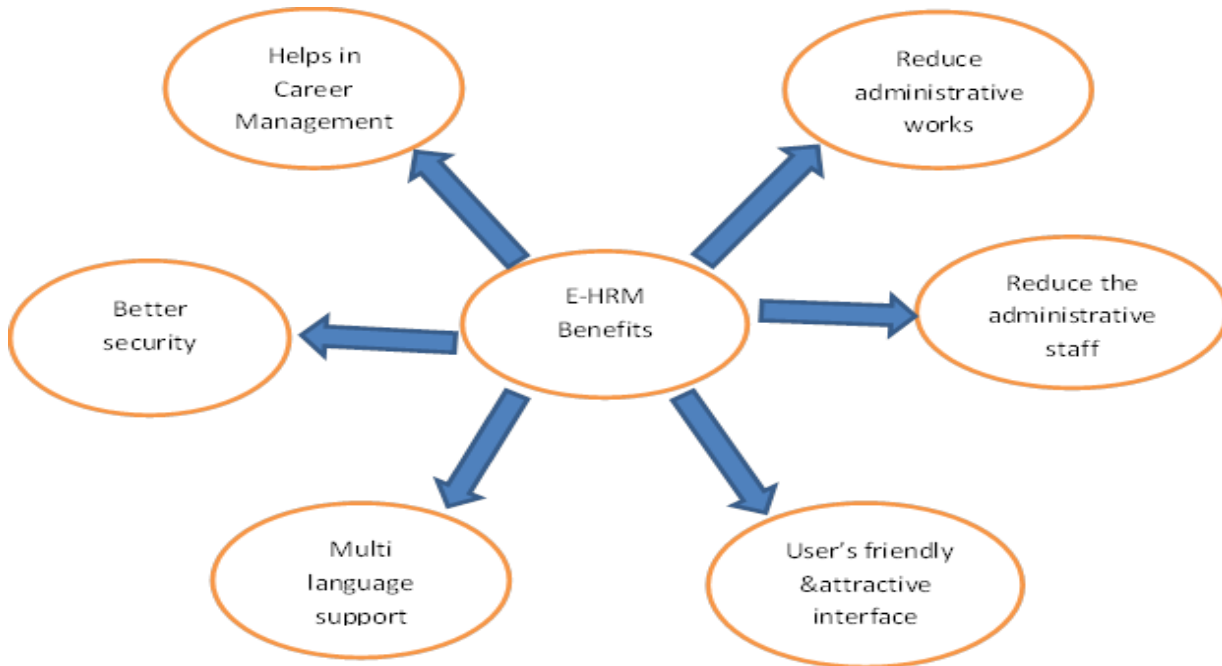


Figure shows the benefits of E-HRM

LIMITATIONS OF THE STUDY:

The limitations of this study are as follows:

- The study is restricted to the secondary data only it can be done by some empirical study in any organisation.
- As the scope of E-HRM is vast and here in this paper all areas could not be discussed due to time factor.

CONCLUSION:

The new technologies and advanced information systems are being considered as a blessing for the business organisations to deal with all business processes effectively and efficiently. This will help the organisations to save costs and furnish the tasks at a lesser time. Due to extensive use of computer and internet in every field by every individual in the society force the modern business organisations to think of implementing the latest technology in order to cope up with the change in the business environment. Though the implementation of information technologies benefited the business houses in some aspects but simultaneously it can be dreadful because of easy access of data from the organisation can be act negatively for the organisation. So it is important for the organisations to think and implement the e-HRM system tactically to ensure the control over the negativity of the E-HRM. Sometime the employees with rigid mind set can create problems by opposing the digitalisation of business processes HR process in particular. Therefore the managers need to act as good change agent to bring this change and try to change the mind-set of the people around regarding the usefulness of e-HRM and its tools.

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