

E-HRM AND ITS EFFECTIVENESS

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Abstract

Technology advancement during the last few decades has boosted the implementation and application of electronic human resource management (e-HRM). e-HRM systems are arguably transforming the role of human resource (HR) thereby creating value to the organization. Keeping this in mind, the research article contributes to the discussion on e-HRM and its strategic approach to the effectiveness of human resource management (HRM). To deal with these aspects, a comprehensive review was done on the extant literature on the related topic. The findings suggest a mixed consensus on the relevant area.

Keywords: e-HRM, Organization, Strategic HRM, Effectiveness

Brief Introduction and Study Focus

There is a drastic change in recent years on the ways in which human resources (HR) are managed. It is believed that along with specialized HR professionals, the delivering of HR activities becomes easier for others as well for the line managers, information technologies (IT) through outsourcing (Ulrich 1996; Tremblay et al, 2008). In fact, the changing environment in the late 1990s settled on the necessity of strategic human resource management (HRM) in order to meet contemporary organizational challenges (Kochan, 1997; Ulrich, 1997a, 1998) and also in aspects related to information revolution related to HRM. By then the major effect was on the shift from traditional HRM to e-HRM as it enables HR employees to focus more on strategic, value-added activities.

As technological advancement has a profound effect on HR processes, and has propelled them to some entirely new directions, using information and communication technologies (ICT) in HR services become an important strategy to achieve competitive advantage for any organization. In a way, technology came to a rescue in reducing the tension between strategic and administrative roles (Ellig, 1997), thereby providing the HR function with the opportunity to create new avenues for contributing to organizational effectiveness. Therefore, this rapid rise in the development of the technology (e.g. internet) in recent years has flung HR systems towards the new Electronic Human Resource Management (e-HRM) approach (Strohmeier, 2007). Thus, the traditional notion of HRM changing towards a strategic management function may arguably be enabled by the use of e-HRM via ICTs.

Although research on e-HRM research has been growing at a slow pace in the past decade there seems a rise in the research of e-HRM recently. Yet researchers are confronted with gaps, under-researched areas, inconclusive answers, and ambitious research agendas. To partly close the knowledge gap, the aim of this research paper is to contribute to the discussion on the possible strategic role of e-HRM efficiency. In doing so, this research paper will deal with the theoretical background with regards to e-HRM studies

through an extensive look at the extant literature. Further, it will also discuss the issues of e-HRM and its strategic approach to effective human resource management (HRM). The research article will also discuss the outcome of e-HRM based on the available literature followed by research gap, direction for future research and conclusion.

e-HRM in Strategic Effectiveness and Value Creation

As stated earlier, the area of e-HRM is being researched deeply but at a slow pace, yet it is certainly not become obsolete therefore its full potential is still anticipated (Ruel et al., 2007). Further, Ruel et al. (2007) stressed that research on e-HRM is still in its “youth-phase” and this was also echoed by Strohmeier(2007) but in a different prospect. According to him, research on e-HRM stems from several disciplines and is scattered throughout numerous journals as initial reviews are not all encompassing (Anderson, 2003; Welsh et al., 2003; Lievens& Harris, 2003), so the results may remain unclear. Perhaps due to its relative infancy in the academic scenario and the heightened interest amongst HR consultants, the e-HRM literature is mostly described as non-theoretical. Although the concept of the e-HRM in the field of research is still growing and academic interest on it has increased yet its results are sometimes considered controversial and unconsolidated (Stanton &Coovert, 2004; Townsend & Bennett, 2003; Bondarouk et al., 2009).

The term "e-HRM" can be traced back to 1990 as extensive as the era of electronic commerce at its emergent stage when it was used to designate the action of completion of HRM “transactions” by means of Internet or Intranet (Lengnick-Hall & Moritz, 2003). There are a number of definitions of e-HRM since its early works on the intersection between web-based technologies and HRM (see, DeSanctis, 1986). The one that fits here has been defined as "a way of implementing HR strategies, policies and practices in organizations through conscious and directed support of and/or with the full use of web-technology-based channels" (Ruel et al, 2006, p. 281). It can also be described as "an umbrella term covering all possible integration mechanisms and contents between HRM and Information Technologies aiming at creating value within and across organizations for targeted employees and management" (Bondarouk&Ruël, 2009, p. 507). Simply put, e-HRM is the contemporary conception for the application of IT in HRM.

Much of the literature of e-HRM either focuses on the role of the HR function (Buckley et al., 2004) or the facilitation of a more strategic approach for the HR function itself (Snell et al., 2002; Gardner et al., 2003). Still as might be expected, e-HRM provides a number of key benefits to organizations like reducing costs (Ruel et al. 2007), decreasing administrative burdens (Ellig, 1997), facilitating HR planning (Strohmeier 2007), allowing HR professionals to become strategic or business partners in organizations (Lepak & Snell, 1998), and enhancing HR efficiency (e.g., Kavanagh et al., 2011; Bartram, 2006; Gueutal & Stone, 2005). Although in context of enhancing HR efficiency as an advantage of e-HRM is much claimed and expressed, but scientific proof of these advantages is scarce. It is always assumed that e-HRM provides the HR function with the opportunity of creating new avenues for contributing to organizational effectiveness through such means as management of knowledge and the creation of intellectual and social capital (Lengnick-Hall & Moritz, 2003).

To some, there might be no clear evidence to link e-HRM in contributing strategically to effective HRM but research provides mixed evidence concerning any perceptual relationships between the two. In fact,

to answer this question Ruel et al. (2007) have conducted a field study to determine whether an employee's assessment of various characteristics of e-HRM is related to perceptions of strategic HRM. The results show that individual assessment of e-HRM application does have strategic effectiveness and that too through using e-HRM, organizations can reduce costs, can enhance the service level of HR and can also supply space to HR departments to become a strategic partners. To this, the study by Voermans & van Veldhoven's (2007) added further evidence suggesting that there is indeed a link between e-HRM and perceptions of the quality of HRM as a strategic business partner. In contrast to the above two researches, a follow-up of qualitative study by Bondarouk et al. (2009) found little evidence concerning the fact that implementation of an e-HRM system had any effect on line managers' and employees' perceptions of HR manager's strategic orientation or effectiveness. As we read further review, we see that the nature of the relationship between e-HRM and strategic HRM depends on the assumed theoretical perspective. The common adoption of e-HRM (see, Cedar Crestone, 2007; CIPD, 2005) is presumably based upon the expectation of these positive consequences for e-HRM (Stroehmeier, 2009).

There has been much discussion about the possible goals and outcomes of e-HRM (Ruel et al., 2007; Ruta, 2005; Hawking et al., 2004) and it is found that one of the purpose of e-HRM is to support the achievement of HRM goals more generally. The possible goals in the literature of e-HRM are said to be three, which are cost reduction, improving HR services, and improving strategic orientation (Ruel et al., 2004; Stanton & Coovert, 2004; Lepak & Snell, 1998; Brockbank, 1997).

Considering the aspect of strategic approach and e-HRM, both invoke potentially transformational outcomes for the role of HRM within organizations. e-HRM often draws on managerial rhetoric or 'pro-innovation bias' about the expected transformational impact (Strohmeier, 2007). The impacts of e-HRM is considered to be threesome: operational, relational and transformational (Lepak & Snell, 1998). Transformational HRM is associated with the transformation of the HRM function into a strategic partner (Farndale et al., 2010; Ruël et al., 2004). Ruel et al. (2007) have also echoed in a similar context and have suggested improving strategic orientation as one of the four goals as mentioned above. As it has the capacity to transform HR function by improving strategic orientation of HRM (Ruel et al., 2004; Wright & McMahan, 1992). While discussing the transformational concept of HR, there seems to exist three types of works which can create the opportunities for HR staff to add value to the organization: strategic partnering with the line businesses; creating centers of expertise; and service center administration (Walker, 2001). Transformational form is not free from debate as for some e-HRM may assist the HR function in becoming a business partner (Ruta, 2005; Ruel et al., 2004) as discussed above while for others it may not realize its potential to facilitate a more strategic role for the HR function (Tansley et al., 2001). Thus, it shows that e-HRM varies not only in its functions for but also in the degree of sophistication in which it involves (Martinsons, 1994). Although till date, only a few companies have achieved the transformation form of e-HRM, the possibilities are still encouraging (see, Marler, 2009). In short, e-HRM can become more strategic as a consequence of an existing strategic HR function.

e-HRM also assumes new roles in the process of value-creation. Some answers to questions about the importance of e-HRM in value creation (Currie & Parikh, 2006; Bondarouk & Ruël, 2009; Marler, 2009), based on the extant literature, can be assumed like e-HRM can indeed create value if its applications are ultimately used by end-users (Ruël & van der Kaap, 2012) and they are used in line with the goals and intentions of their developers (DeSanctis & Poole, 1994).

Discussion and Contribution of the Research Article

Research in e-HRM has made considerable effort in insisting that by making HR digital, HRM systems will become strategically oriented and less cumbersome for the HR professionals. Many researches favour this concept and believe that by implementing and applying e-HRM applications in the organization it increases HRM administrative efficiency (Marler et al., 2006; Lengnick-Hall & Moritz 2003; Lepak & Snell, 1998; Ruel et al. 2004). In fact, the case can be resolved only if the end users accept e-HRM accordingly and apply it at the earliest (Ruta 2005; Ball 2001). As discussed above under e-HRM and its strategic effectiveness, research still depicts that irrespective of its numerous benefits there may be a number of unintended consequences from using them (e.g., Harris et al., 2003; Kehoe et al., 2005; Stone et al., 2003). Although these questions of unintended consequences are valid, it depends on the organization how they implement the e-HRM strategy in their goals, policies, and practices. In fact, the role of HR professionals becomes very important here as they can design systems that should meet the goals of organizations and all stakeholders (Stone & Dulebohn, 2013).

The contribution from the literature review on e-HRM can be summarized as: first, the research on e-HRM is still less to come with a conclusive opinion whether the outcome of its implication related to strategic effectiveness is deep-rooted or simply just temporary. Secondly, literature review suggests that irrespective of differences in consensus from many researchers there indeed exists a link between e-HRM and strategic HRM effectiveness. Third, the role of HR professional needs to improve by means of training, workshop, etc on e-HRM so that they can easily implement e-HRM in the organization keeping in mind the goals of the organization set and bring a change to amend the policies and practices for good.

Research Gap and Direction for Future Research

The study is not free from its limitation and there exist two gaps. A first noticeable gap in the literature is the somewhat limited rigorous application of theory to e-HRM. Mostly the available research studies were exploratory in nature and thereby lack the specific theoretical foundation to guide the research. In other words there is a strong need for a theoretical foundation for e-HRM research so that literature makes sense to the researcher or a scholar, thereby strengthening the research that's been conducted, in order to facilitate an effective accumulation of knowledge to them who are relying on it to consider for any research scholarship. Secondly, there is also a lack of profoundly available literature on the e-HRM linking it to strategic HRM and lack of attention on this aspect makes it difficult to come to a conclusive outcome.

In addition, with respect to the profusion of dimensions of strategic HRM, only one aspect of it was studied and that too related to e-HRM. The question of whether or not it leads to a positive outcome is still a point of discussion. Thus future researcher should consider where possible to address these issues by examining every facet of e-HRM and strategic HRM in order to create a link with another aspect in the technological environment of the organization so that it can enhance further on the potential effectiveness and outcome of the organizational goals.

Conclusion

While going through the enormous literature it was discovered that effectiveness of HRM clearly has different meanings for different stakeholder that corresponds with suggestions of other studies (Lepak et al., 2006; Colakoglu et al., 2006). Clearly, it depicts that e-HRM is a new and intriguing field for both HRM practice and research and whatever is known of it is primarily based on nonscientific surveys and organizational testimonials and anecdotes. In fact, e-HRM holds much promise for improving the way in which HR is managed in businesses today. Today, organizations and HR professionals have more opportunity to use e-HRM keeping in focus the aspect of a more strategic role in the operations of their businesses, which is something that has been much discussed in the last two decades. However, it will require immense dedication and enthusiasm of a different kind of HR professional and a different kind of HR function to make that a reality. Despite the limitations and the research gaps, this research study has made an important contribution to the fields of e-HRM by means of collating e-HRM to strategic HRM effectiveness. Overall, this study has provided some specific answers as to which aspects of e-HRM applications have the most important role in determining strategic HRM effectiveness.

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