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**Dr. Mona Sahay**  
Associate Professor,  
IPEM, Ghaziabad,  
Uttar Pradesh, India

# A strategic evaluation of E-HRM in IT and ITES sector: A multidimensional perspective

**Dr. Mona Sahay**

### Abstract

The present study was carried out to investigate and evaluate the effectiveness of electronic HRM practices (E-HRM) adopted by the IT and ITES companies from a multi-dimensional perspective. Employees across the world demand high quality work environments, adequate training and development facilities, and an efficient performance management system, which are few of their requirements. Human resource management practices strive to achieve a balance between the expectations of the employees and the long-term goals of the organization. The significance of the present study stems from the fact that it is imperative for the IT /ITES sector to deploy electronic HRM practices that focus on payroll process, employee self-service, hiring, performance management, rewards, learning and development which have an impact on the performance of the organization. It can be implied that E-HRM practices were preferred over manual HR practices since manual practices are time-consuming, requires large storage space and man-power, do not ensure process consistency. IT has benefitted from many applications including the HR practices; companies are adopting the E-HRM practices due to its benefits. The E-HRM practice is simpler and cost-effective requiring less manpower and less time. The benefits of accuracy, consistency, all information in one database are the big advantages of E-HRM process. Therefore, employers and employees did find the E-HRM practices beneficial. Further, the quick accessibility of data and documents from remote areas also gives the advantage of quick decision making in business.

**Keywords:** Multi-dimensional, work environments, long-term goals, time-consuming, man-power

### Introduction

In today's scenario, companies which are shaping our lives and our future are deep rooted in digital technology. Their complete service lines are built on applications, websites or AI driven bots. Their sole objective is to create a high and engaging experience for their clients and their employees. Companies wanting to scale, beat competition, reduce costs or even show higher gross margins need to look at digital in this thriving competitive market. There are several studies showing that automation and technology was one of the top priorities for senior executives or CEOs worldwide. A number of companies have spent millions on time and motion study to eliminate redundancy and improve internal process and their obvious final answer by top consultants was to introduce digital practices for their employees. The options of integrating technological applications with Human resource Management are endless. Electronic technology can be integrated with almost all the practices of HR. The effectiveness of electronic applications in HR processes and the value they generate to organizational performance is immense. There are various dimensions to E-HRM and their contribution to organizational performance which can be assessed by analyzing them in isolation. The application of Information Technology can be traced back to the mid-70s' when some of the American and British banks started to install small mainframe computers and some of the database related software. The intention was to keep the database of the customers and also to track their transactions. Gradually this system of keeping track of customers and their related transaction started to flow into the rest of the industries. Then in the 90's, almost all the industries started to implement various software's which are able to perform multiple tasks and gave the way to ERP (Enterprise Resource Planning) in the organizations. ERP-1, ERP-2 and other related software have changed the face of the industry forever.

In the present scenario of the 21st century, HRM is one of the most looked upon area for most of the organizations and this is because of the reason that the work culture has changed a lot.

**Correspondence**  
**Dr. Mona Sahay**  
Associate Professor,  
IPEM, Ghaziabad,  
Uttar Pradesh, India

There was a time when the organization used to hire people and train them according to their requirements of the job, but now the companies want skilled and trained employees who are able to perform their job from day one and in lieu of the same, the labor market has also changed a lot which is all ready to cater to this need.

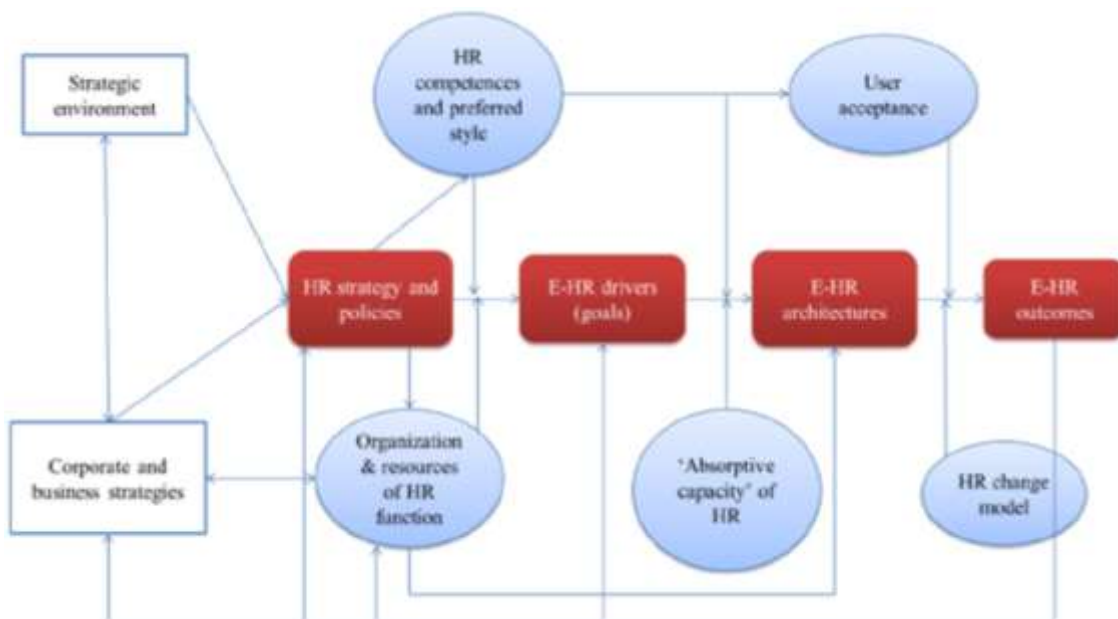
**Introduction to E-HRM**

In the face of ever-changing social, technological, cultural, political and economic conditions, human resources management across the world faces numerous challenges. Globalization along with the technological advances made by Information and Communication Technologies (ICTs), especially the Internet, has led the human resource management to undergo a radical change in terms of its concepts, policies, strategies and practices. Different aspects of administrative work in various organizations have been replaced by IT databases and information systems have become the most critical necessities for the functioning of

an organization. In order to meet the varying demands and challenges of HRM, organizations adopt electronic HRM or digital HRM, which are both used interchangeably.

**Introduction and Definition of E-HRM**

The term ‘E-HRM’ generally refers to the HRM processes that are enabled by information technology. However, the term ‘Human Resource Information System (HRIS)’ is a relative term to E-HRM which refers to the actual information system that has been deployed to support the activities of human resources management. Hence, in a broader sense, E-HRM can be defined to include both HRIS and the HRM processes that are supported by the HRIS. According to Wen (2013), the term ‘E-HRM’ was first used in 1990 when the e-commerce business was dominating the business world. The term ‘E-HRM’ was then used interchangeably with other terms like virtual HRM, HR intranet, computer-enabled HRM, and HR portals.



Source: Martin and Reddington, 2010 [15]

Fig 1: Model of e-HR

**HRIS and E-HRM**

There is an integration of different processes and software’s to create human resource information systems (HRIS) and this provides a platform for the employees to access the HR services electronically. Initially e-HRM was thought to be different from HRIS because HRIS could be used to access the employee database within the organization. However, all together HRIS software allows online access to the HR data and information on payroll, former employees, accounting, performance management etc. The difference between E-HRM and HRIS is that HRIS is about the HR department and this software is used by the HR staff to improve the functioning of HR department, whereas E-HRM involves employees of different departments other than the HR itself with integrated workflow, analytics, and customization to the user’s needs.

**HRM in IT and ITES Sector**

The IT and ITES industry is characterized by a high demand for skill and expertise, which is considered one of the front

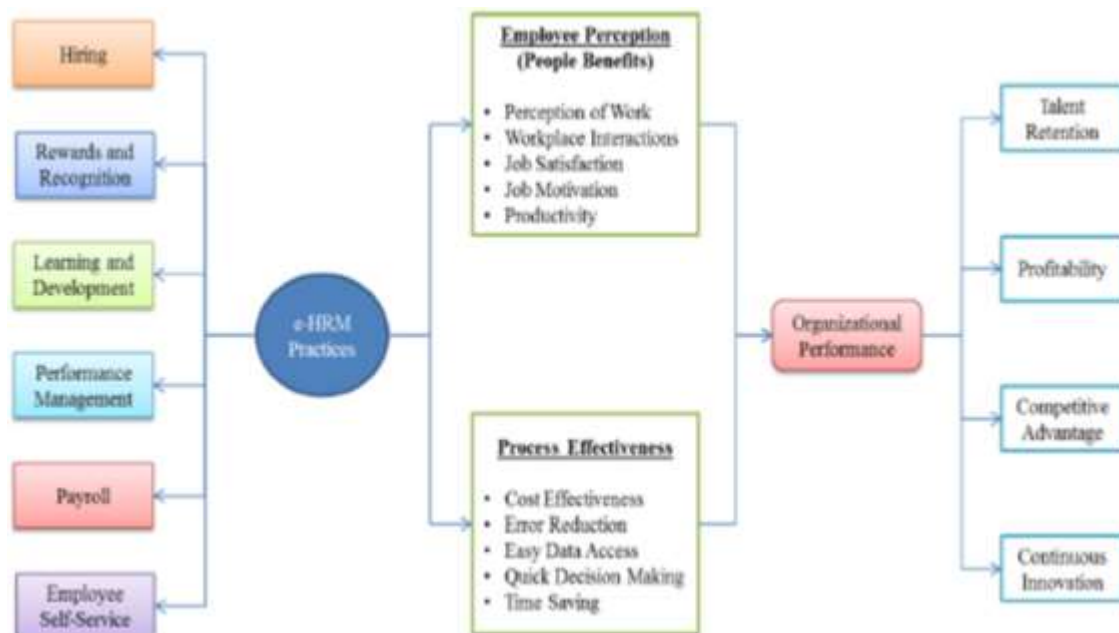
runners of the knowledge economy owing to the considerably huge volume of skilled personnel. As a result, ‘human resource’, can be considered as the main driving force for the IT and ITES industry. At the outset, this particular industry is considered one of the most vibrant and modern industries, characterised by new ways of working, plush workspaces and a work culture which is quite different from that of the other sectors. At the same time, the IT and ITES sector is characterized by high job attrition, misalignment of individual and organizational goals and lack of job satisfaction. Therefore, managing human resources is of strategic importance for the IT and ITES sector and the HRM practices of the IT and ITES industry are quite different from that of the other industries.

**E-HRM in IT and ITES Sector**

E-Human Resource Management refers to the management of human resources using digital or electronic technologies. Increased digitization is revolutionizing the HR department and the manner in which it serves the organization. E-HRM

practices enable the HR department to enhance the performance of the workforce; thereby, improving the organizational performance. Five key trends that were observed in the adoption of solutions by Accenture in their report 'The digitization of Human Resources – E-HRM technology comes of age' include 'Human resources goes digital', 'Human resources becomes decentralized', 'Human resources knows the business', 'Human resources adds value', and 'Human resources wins over the boredom.'

According to the report, factors that result in voluntary turnover, data analytics that improve the hiring and retention rates, and the factors that enhance faster hiring times and reduce the time spent on creating new job requisitions can be easily identified by the HR department with the help of E-HRM solutions. Further, it was also reported that E-HRM solutions enable oversight and governance, standardization of processes, enhanced delivery speed, and greater monitoring capability for the organizations.



Source: Islam and Al Mamun, 2016

Fig 2: Research Framework

## Review of literature

Broderick and Boudreau (1992) <sup>[5]</sup> "Human resource information systems (HRIS) as the combination of data-centric computer applications and hardware and software that are required to compile, documentation, store, manage, deliver, present and contrive data for human resources."

Lepak and Snell (1998) <sup>[14]</sup> "Virtual HR, to express a network-supported arrangement built on partnerships and mediated by information technologies to help the institution, obtain, develop, and set up intellectual capital"

Wyatt (2002) <sup>[19]</sup> "e-HR implies the broad access to human resources data, instruments and operations available directly on the web in most offices today. It illustrates the "net effect" of the outburst in web technologies and the striking impact this growth has had on the way workforce now obtain employment-related information via integrated self-service applications."

Strohmeier (2007) <sup>[17]</sup> "E-HRM is the planning, execution and implementation of information technology for both networking and supporting at least two people or unified actors in their shared performing of HR actions"

Shane (2009) <sup>[16]</sup> "Electronic human resource management system (E-HRM) is seen as the connection between human resource management and information technology. It combines HRM as a discipline and in particular its basic HR activities and processes with the information technology function"

Martin and Reddington (2010) <sup>[15]</sup> "e-HR is the application of the internet, web-based systems, including Web 2.0 social media and mobile communications technologies, to change

the nature of interactions among HR staff, managers and employees from face-to-face to a technology-mediated one" Wiblen, Grant and Dery (2010) <sup>[18]</sup> studied the impact of transitioning to a new HRIS. The study explored how the organizations' decision to transit from an existing HRIS to an integrated HRIS may affect talent management, based on a single in-depth case study. The study adopted a special approach known as SCOT (Social Construction of Technology) which argues that technology does not determine human action; whereas, human action shapes the technology. It was reported from the study findings that when organizations decide to upgrade or replace any forms of technology, the possible talent and talent management implications of adopting new technologies must be considered.

## Statement of the problem

The electronic management of human resources provides the organizations with the procedures, decisions, relationships and structures required to exercise the various HR management functions within the organization. The use of technology and computer applications has revolutionized the management of human resources in all sectors, in particular the IT and ITES sector which requires the human capital for achieving strategic goals and to achieve competitive advantage.

## Objectives of the study

1. To examine the effectiveness of E-HRM Practices from a multi-dimensional perspective emphasizing on -

- Hiring, Rewards & Recognition, Learning & Development, Performance Management, Payroll and Employee self-service System.
2. To compare the outcomes of E-HRM practices with those of manual human resource practices.
  3. To identify the gaps and inadequacies of the prevailing systems.
  4. To assess the implications of E-HRM practices on people and process effectiveness.
  5. To identify the Key Performance Indicators, that assess the effectiveness of E-HRM practices.
  6. To evaluate the implications of E-HRM practices on organizational performance through the mediation of people and process effectiveness.

### Scope of the study

The scope of the present study is limited to assessing the effectiveness of E-HRM practices on the people, process effectiveness and performance of the organization. Further, the study also conducts a comparative performance analysis of manual HRM practices and E-HRM practices, adopted by companies listed by the National Association of Software and Services Companies (NASSCOM) in India. The researcher has identified 30 companies for the current research. Data collection was from November 2018 to August 2019.

### Research methodology

There are two sources of data for the study mainly primary data and secondary data. The study is a combination of both exploratory and descriptive research design to address the E-HRM practices that can be compared with traditional HR practices and to elaborate the benefits of adopting E-HRM practices. Individuals working in IT and ITES companies employed as executive, vice president, senior, middle, entry level positions along with CHRO's from many city constituted the sample frame of the present study. The primary data required for the study was collected using a structured questionnaire from respondents who are the employees of the 30 IT and ITES organizations in India. There were two set of questionnaires, one for the employers and one for the employees. The secondary data sources include books, magazines, research journals, periodical reports of various IT and ITES companies.

### Limitations of the study

- NASSCOM has 2000 IT/ITES companies registered. A larger sample size of companies would have provided a better representation of the entire IT/ITES industry.
- The present study was started in 2018 and completed in the middle of 2019, the IT/ITES industry is constantly evolving and our study is only limited to this particular period.
- The effectiveness of E-HRM in terms of the organization performance in IT/ITES industry was measured. We may also want to study other industries such as pharma, manufacturing and retail industries.
- Market and technological factors can also influence the E-HRM efficiency and productivity and this also could be a limitation in the current study.

### Conclusions

In the past decade, IT and ITES industry has expanded remarkably and has significantly contributed to the

country's economic growth. Both employees' and employers' perceptions have been collected to understand the realities and to provide an insight into measures of E-HRM practices and its implementation in the IT and ITES industry. Some of the measures of E-HRM practices, such as payroll practice, have been efficiently adopted by organization irrespective of their strength. It was found that both employers and employees were aware of the benefits of E-HRM practice. Global orientation, remote access, reduced time to accomplish a task, enhanced skill, knowledge and competencies, increased productivity were some of the positive outcomes of the implementation of E-HRM practice. However, there were enough challenges; tackling of data theft, technical failure, regular updates of technology, increased security measures were necessitated. E-HRM practices such as e-payroll process, e-employee self-service, e-hiring, e-performance management, and e-rewards and recognition have been found to have a significant impact on the performance of the organization. Hence, it is recommended that organizations adopt E-HRM practices in order to improve the performance of their organization. Further, the people effectiveness that was realized by E-HRM practices like improved job satisfaction, motivation at work, and improved productivity further improves organizational performance. Similarly, the process effectiveness introduced by E-HRM practices like improvement in the error reduction, efficiency in time, decision making enhanced organizational performance. Yet another significant finding made from the results is that the personal effectiveness as well as the process effectiveness induced by E-HRM practices has its direct impact on organizational performance.

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