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Employee Perception on the impact of HRIS on Productivity: A Study of select IT organizations in Hyderabad

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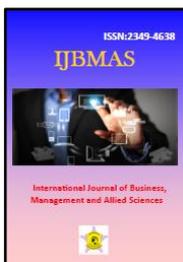
ABSTRACT

The present study is an empirical attempt to understand the impact of Human Resource Information System on employee productivity, cost reduction and timely decision making in select organizations. The study considers the HRIS as integrated system that has impact on all other systems in the organization. A structured and closed ended questionnaire was administrated to 120 respondents from select IT organizations in Hyderabad. The findings of the study (N=120) indicate that HRIS has positive association with employee productivity, transactional cost reduction and timely decision making.

Keywords: Cost Reduction, Decision making, Employee Productivity, HRIS.

INTRODUCTION

Human resource management is about the procedures and practices that encompass the human resource aspect within organizations (Dessler and Al Ariss, 2012). The HR managers in the classic era are used to maintain all the employee records i.e. is pay grades, Department information, qualifications etc in the excel sheets. Entering such type of data in those sheets has probability of occurring mistakes. Those mistakes can be reduced by the use of Human resource information system (HRIS). Human resource information system (HRIS) "is a systematic procedure for storing, maintaining, collecting, retrieving, and validating data needed by an organization about its human resources. The HRIS is the combination of both HR activates and information technologies, where all the activates are automated. HRIS can be used even for decision making which is related to top management people in the organization. The HRIS data is accurate, secured, fast and reliable. HRIS is used to reduce the cost of the activities and the time spent by the employee due to the automation. The HRIS is providing the service in the form of accurate and timely information to clients. A study on the impact of HRIS on employee productivity may increase the profitability of organization and ROI of the organization. HRIS has the ability to develop employees based on the value of an individual's contribution.HR systems can improve an employee's job productivity by cutting repetitive work and speeding the work at which manual process. This article is focused on software

employees and HR employees in the IT industry. This study captures the perception of the employees in the organization whether the implementation of HRIS increases their productivity or not, reduces the cost reduction of HR process and also helps in timely decision making.

REVIEW OF LITERATURE

HRIS is the combination of HR functions and Information technology (Mohan Thite, Michael J. Kavanagh, and Richard D. Johnson (1999). The data of all functions of HR of an organization which is stored should be more accurate, up-to-date and for data collection, analysis and report generation. The data from HRIS is more accurate and it is used in the strategic, tactical and operational decision making. The authors describe the benefits of HRIS as-Payroll, reduction in labor costs due to automation and employee satisfaction with streamlined and efficient HR process and freeing up the HR from routine, administrative matters to focus on strategic goals. Nicholas Aston Beadles II, Christopher M. Lowery, Kim Johns (2005) discuss whether the HR department would play a strategic role in the organization. The assumption is that the HRIS has been reaping the potential benefits. Their study found that HRIS is not reaping the potential benefits. HRIS is used in administrative work. The researchers opine that HRIS can enhance the communication between the employees working in the organization. The research on the public sector, found that the employees should need training on the system for the better the results. They need to adopt the change in the organization. The basic and potential contribution of HRIS is recognized, but the complete potential benefits are not recognized. HR directors perceived any decreases in training, recruiting, data input or hiring expenses or in the amount spent on HR salaries. Kelly O. Weeks (2015) explain that, the information retrieved from the HRIS will help to make the decision about the positioning, utilization and retention of its human resources in the organization. HRIS has the ability to consistently manage and develop the employees based on the value of individual`s contribution. This HRIS reduces the employee burden by cutting the repetitive work and it helps for management in speeding up of work and revenue and thus it results to profitability. Kristine Dery, David Grant and Sharna Wiblen (2009) argue that, HRIS is used not only for HR activities but also for the strategic level. In this article, the researcher's show the study of the impact of HRIS is of direct significance to Human Resources HR can play a strategic role in the organization. It will increase the administrative efficiency. HRIS has a capability of communicating from lower level to higher level employees in the organization. It is called as basic level of communication where the HRIS provides access to HR information, white pages, and documents and forms the system. Bader Yousef Obeidat (2012) provides the frame work for the relationship between HRIS functionalities and HRM functionalities. He focused on strategic integration, forecasting planning, HR analysis, knowledge management, communication integration, records and compliance and human resource planning, staff development, regulatory compliance, benefits administration, performance appraisal, recruitment and selection and found that there is a no relationship between HR functionalities. More recent research shows greater use of HRIS in support of strategic decision making by HR (Khera Sh, 2012). However, the extent to which HRIS is used in a strategic fashion differs across organizations, with the vast majority of organizations continuing to use HRIS simply to replace manual processing and to reduce costs (Kristine D, 2006). These reasons are related to the facts that HRIS helps organizations-

1. To increase competitiveness by developing and enhancing HR procedures and activities
2. To generate or create a greater and a range of many HRM reports
3. To shift the role of HRM from transactions to (SHRM)
4. To reengineer the whole HRM\personnel department\section of organizations.
5. HRIS can be used to support strategic decision making, to evaluate programs or polices, or to support daily operating concerns.

Nisha Aggarwal, Mona Kapoor (2012) explain that HRIS has the potential to be a part of business in taking wide decisions that help to achieve both strategic and operational objectives. HRIS can be seen as a spine of the company and crucial in meeting the needs of all stakeholders in the

company. HRIS enables effectiveness, efficiency and promotes competitiveness among the firms. Hence, HRIS must be driven by strategic vision and it should be implemented as an open system, where information technology facilitates communication freely between integrated systems in the business. Sabrina Jahan (2014) explains the limitations of HRIS as high cost of maintenance and lack of management commitment. However, HRIS is the modern tool for HR department. This study captures the perception of the employees in the organization whether the implementation of HRIS increases their productivity or not, reduces the cost reduction of HR process and also helps in timely decision making. The data is collected from employees of different organizations in Hyderabad.

OBJECTIVES OF THE STUDY:

1. To understand the relationship between HRIS and employee productivity in select IT organizations
2. To understand to what extent HRIS will help reduce costs in the organizations under study.
3. To understand the role of HRIS in timely decision making in the organizations under study.

After reviewing the above literature, the researcher designed a conceptual model as follows:
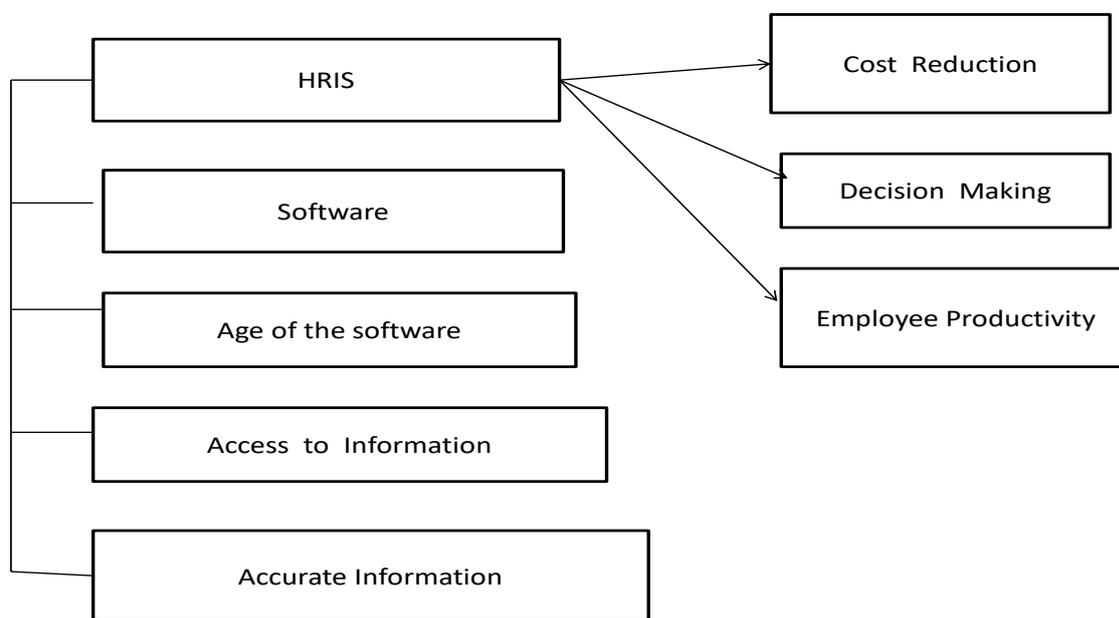
Figure: 1 Conceptual Model

HYPOTHESIS

H01: There is a no significant impact of HRIS on Employee productivity.

H02: There is no significant impact of HRIS on Cost reduction.

H03: There is no significant impact of HRIS on timely Decision making.

METHODOLOGY

The data used in this research is quantitative .A questionnaire based survey was administered to the Human Resource Professionals, Managers , Directors and other HRIS users working in Hyderabad. The objective was to assess to know the influence of HRIS in IT Industry in Hyderabad. As such, this study of HRIS and the implementation of new technology can be a good initiative towards efficiency and productivity. A Likert-type five point scale items and an open-ended questionnaire was employed in the survey to measure the perceptions of the HR directors, mangers, Professionals in regard to the impact of the HRIS on Employee Productivity, Cost reduction and timely decision making. The Universe of Population is IT organizations of Hyderabad. The sample size of the survey is 120 respondents (N=120). The sample method involves the probabilistic sampling method of simple random sampling method. The questionnaire used in this survey was

adopted from a study completed by Beadles, Jones and lowery (2005). The data that collected from the survey is analyzed by using tools like Descriptive analysis, Correlation.

VARIABLES

Table 1: List of variables considered   in the study   based on review of literature.

Independent Variables	Connotation	Dependent Variable	Connotation
Human Resource Information System (i)Software (ii)Age of Software (iii)Access to information (iv)Accurate information	HRIS	Employee Productivity	EP
		Cost Reduction	CR
		Timely Decision making	DM

FINDINGS AND RESULTS

Technology is completely changing the way we do things, among the respondents 62% users of HRIS in their day to day work. 35% of respondents associate in the organization more than 3 years. Most of the respondents i.e. 95.8 % are using the HRIS in the organization. The software that is used as HRIS is mostly PEPOLE SOFT from the respondents in the organization. In the organizations, the respondents that are 45% using the HRIS from 3-5 years. The 95% of respondents are perceived that the HRIS are easy to access the information. The 95% of respondents are perceived that the HRIS information is more accurate.65% of respondents agree that the accomplishment of job task by HRIS. The 73.3% respondents agreeing that quick performance of work is achieved through HRIS. The 48.3% of respondents strongly agreed that the Improvement in job performance can be achieved by the HRIS. The 54.2% of respondents agreed that the HRIS increases in their productivity. The 49.2% of respondents agreed that HRIS increases their effectiveness of job. The 50.0% of respondents agreed that the Ease on job is done by HRIS.

The 35.8% of respondents agrees that the HRIS reduces the cost per hire. The 35.0% of respondents strongly agreed that the HRIS reduces training expenses of HR process. The 35.8% of respondents agrees that the reduced data input expenses through HRIS. The 50.0% of respondents strongly agreed that the reduced salary expenses through HRIS. The 64.2% of respondents strongly agreed that the HRIS helps in pay raise decision. The 44.2% of respondents strongly agreed that the HRIS Helps in deciding to choose better people. The 44.8% of respondents agrees that the HRIS helps in training and skill development decision. The 45.0% of respondents strongly agreed that the HRIS helps in meeting targets. The 50.0% of respondents agrees that the HRIS helps to enhance the work efficiency. The 39.2% of respondents strongly agreed that the HRIS helps in influencing on positive decision making. The 39.2% of respondents agrees that the HRIS plays a role in effective promotion decisions. The 38.3% of respondents strongly agreed that the HRIS plays a role in deciding hiring time.

Estimation of Regression Equations:

Mod1: Employee Productivity=$\alpha 1+\beta 1$ (Human Resource Information System)

$\qquad$ =18.63+0.42(Human Resource Information System) ***

Mod2: Cost Reduction=$\alpha 2+\beta 2$ (Human Resource Information System)

$\qquad$ =15.52+0.29(Human Resource Information System) ***

Mod3: Decision Making=$\alpha 3+\beta 3$ (Human Resource Information System)

$\qquad$ =26.10+0.40(Human Resource Information System) ***

*** Significant at 1% level

TESTING OF HYPOTHESIS

From Mod1, we can observe that there is a significant impact of Human resource information system on Employee productivity is 0.42 at 1% level.

Therefore, we reject the Null hypothesis. So, there is a significant impact of Human resource information system on Employee productivity.

From Mod2, we can observe that there is a significant impact of Human resource information system on Cost reduction is 0.29 at 1% level.

Therefore, we reject the Null hypothesis. So, there is a significant impact of Human resource information system on Cost reduction.

From Mod3, we can observe that there is a significant impact of Human resource information system on Decision making is 0.42 at 1% level.

Therefore, we reject the Null hypothesis. So, there is a significant impact of Human resource information system on Decision making.

SUGGESTIONS

- From the study it is evident that IT organization being technology based must adopt to HRIS in cases where legacy systems are in use
- HRIS has to be compressively integrated with individual HR systems like recruitment, training and performance appraisal for promotion as the results on the study show a positive impact of HRIS on the above.
- HRIS has to be made an integral part of the total Management Information System (MIS) in the organization in order to facilitate, accurate, quick, timely decisions related to people aspects in the organization.
- HRIS also needs to be integrated with the organization, financial systems in order to scientifically reduce the transaction cost.

LIMITATIONS:

- The study considered *operationalization* of the concepts identified from the select review of literature as variables, however further review of literature will provide an opportunity to understand other factors that reduce HRIS with employee productivity, Cost reduction and timely decision making.
- The study is also limited by the factor that, it is difficult to have access to statistics based Decision Support System (DSS) in the organization.
- The study is also limited by the differences in the perception of the respondents being conditioned by their hierarchical placement in the select organization.
- The study is also limited to select organization for want of time.

RECOMMENDATIONS

- HRIS needs to be explained as a key component of MIS in organization.
- Economic analysis of the relation between HRIS and transactional cost in the organization has to be conducted.
- Further research linking behavioural aspect of the people on implementing HRIS in the organization has to be conducted.
- Need for constant training on creating increased awareness among the employees of the positive benefits of adopting HRIS.

CONCLUSION

The study indicates that majority of the respondents who are with the organization for more than 3 years use PEOPLESOFT HRIS. HRIS helps provide ease access to more accurate information, to help in accomplishing the job task quickly. The study also reveals that HRIS results in improved performance and effectiveness of job.

The study also reveals that HRIS results in reduced cost per hire, training expanses and salary expanses. It also helps in effective pay raise decision along with competency based recruitment. Majority of respondents indicate that use of HRIS is helpful in meeting targets, enhancing the work efficiency and also positive decision making. The significant result is that HRIS leads to deciding hiring time.

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