Benefits of HRIS and Its Application in Various HR Functions

Teena Bagga[1]

ABSTRACT

Human Resources Management is indeed becoming a key contributor in helping organizations to deal with a rapidly changing competitive environment and growing demands. It helps organisation to differentiate themselves from competitors and to better deliver value to the bottom line. Today, HRM is not the traditional HRM as we once knew it -- a largely administrative function relegated to "staff" status within the organization -- but human resources is becoming more and more strategic business function and helping organisations to be an essential part of maximizing return on shareholder value. A well-designed computerized HRIS alone can provide the information and analysis within the shortest possible time. Hence, Now-a-days, many organizations are using the computerized HRIS. Sophisticated HRIS provide Drill down reporting to specific information with analysis tools for fast evaluation of human resources data; to quickly investigate critical areas such as salary, turnover, and performance issues. The aim of this paper is to provide the benefits of HRIS and its use in various HR functions.

Keywords : HRIS Defination, HRIS Benifits, HR Functions

INTRODUCTION

HRIS may be defined as interrelated components working together to collect, process, store, and disseminate information to support decision-making, coordination, control analysis and visualization of an organization's human resource management activities. HRIS has grown in popularity since the 1960s (Lederer, 1984).

In the basic form HRIS is a system used to acquire, store, manipulate, analyze, retrieve and distribute pertinent information about an organization's human resources. It is often regarded as a service provided to an organization in the form of information Tannenbaum(1990).

According to (Broderick and Boudreau, 1992), The human resource information system (HRIS) is "the composite of databases, computer applications, and hardware and software necessary to collect/record, store, manage, deliver, present, and manipulate data for human resources"

HRIS is now used not only for administrative purposes but also for strategic and business decision-making purposes (Kovach et al., 2002).HRIS keeps track of all types of information related to the company and the human capital. An effective HRIS provides information on just about anything the company needs to track and analyze about employees, former employees, and applicants.

Businesses are usually prepared to undertake changes provided that they see a competitive advantage in doing so. However, many companies have problems implementing new technologies, including HRIS, due to a lack of sufficient capital and skills. Therefore, companies are reluctant to implement HRIS unless they are convinced of the benefits that this would bring to their organizations. The common benefits of HRIS frequently cited in studies included improved accuracy, the provision of timely and quick access to information, and the saving of costs (Wille and Hammond, 1981).

Martinsons MG (1994) classified different types of HRIS usage according to its degree of sophistication. He argued that payroll and benefits administration, and the keeping of employee and absence records electronically was "unsophisticated", because of its electronic replication of the contents of the HRdepartment's filing cabinet. He also describes this as "simple minded automation" On the other hand, use of IT in recruitment and selection, training and development, HR planning and performance appraisal was characterized as "sophisticated", because of the information generated to provide support for decisions which involve expert judgment, and more advanced manipulation of information about the human resource which would reflect a "hard HRM" ethos.

HRIS BENEFITS

The common benefits of HRIS frequently cited in studies included improved accuracy, the provision of timely and quick access to information, and the saving of costs (Wille and Hammond, 1981).

Broderick and Boudreau (1992) examined how HRIS can contribute to cost reductions, quality/customer satisfaction, and innovation.

Haines and Petit (1997) mentioned in their research that HRIS ease human resource professional routine paper handling tasks, and can hopefully develop a service orientation and participative more fully in strategic decision making.

Kovach et al. (2002) listed several administrative and strategic advantages to using HRIS. Similarly, Beckers and Bsat (2002) pointed out at least five reasons why companies should use HRIS. These were that HRIS can:

- increase competitiveness by improving HR operations;
- produce a greater number and variety of HR-related reports;
- shift the focus of HR from the processing of transactions to strategic HRM;
- make employees part of HRIS; and
- reengineer the entire HR function of companies.

Sadri and Chatterjee (2003) stated that when the HRIS function was computerized, faster decision making can be carried out on the development, planning, and administration of HR because data can be much easier to store, update, classify, and analyze. In addition, they noted that HRIS can strengthen an organization's character.

According to (Barron et al., 2004), HRIS automate and devolve routine administrative and compliancefunctions traditionally performed by corporate HR departments and can facilitate the outsourcing ofHR In doing so, HRIS not only make it possible for organisations tosignificantly reduce the costs associated with HR delivery, but also to reassess the need forretaining internal HR capabilities.

As per Erik Beulen(2009) HRIS contribute positively towards staff retention, he also found that HRIS minimizes turnover and support employee allocation to international engagements, including scheduling and training.

Wu Bo, Gao Xiang(2010)put forward application value of electronic HR as Cost Reduction, Improved productivity within HR organization, Optimize business process of HRM, Enhance employee communication because it gives employees a platform from where they can control their own personal information.

HRIS APPLICATIONS

Leveraged by information systems and internet, at present, almost every function of HRM is automated. HRIS can be applied in the following areas of HRM.

HR PLANNING

HRP emerge as a focal HR activity, it is an essential and prominent function Walker(1989). Planning by its nature is highly strategic. Human resource planning is about ensuring that the correct number and mix of employees is available at the right place at the right time (Parker and Caine, 1996). HRIS helps the organisations to forecast the work force. It facilitates to give answer by providing expert guess of the shape of the organisation. Fundamentally the success of forecasting is highly dependent upon the availability of right data. HRIS provide various report on employee turnover, which helps in forecasting. HRIS also helps in succession planning and Job Analysis.

RECRUITMENT AND SELECTION

Recruitment process does not respond to line functions with desired speed, accuracy and efficiency. Recruitment is one of the most cumbersome task faced by most of the organizations in the current situation. HRIS can help Recruitment process by reducing information gap between job description and candidate profile, eliminate workflow delays, reduce demand on client time. With the growing number of applicants the job of the HR professionals also increases (Kovach and Cathcart, 1999). Recruitment is majorely manual and paper based activities. In many instances good candidates may be dropping off the recruitment chain, Process is inflexible and sometime leads to overload for recruiters to receive, searchand match resumes with job requirements, incorrect resume and job matches, declining client trust in the recruitment process to deliver consistently good results, poor overall image for the company in the labor/job markets, too many calls from candidates to check status, frustration for a really potential candidate to not participate, lower turnout of candidates especially at the managerial/ professional vacancies, lack of time for recruiters to do good analysis and evaluation, lack of time for recruiters to develop contractors, job fairs, college/campus job drives, inconsistent hiring outcome.Ball, K.S. (2001)

TIME CAPTURE AND ANALYSIS

Organizational productivity is not linked directly and in a measurable way with employee time productivity. However, HRIS can help Organizational productivity by Capturing time information at the source, deploying simple Activity Based Costing (ABC) tools, extensive analysis and integration into production/costing systems. Businesses are usually prepared to undertake changes provided that they see a competitive advantage to doing so. Lederer (1984) discussed why the accuracy and timeliness of HRIS is very important in terms of operating, controlling, and planning activities in HR. Time capture is a problem area for some of the organizations due to reasons like time capture is a departmental function and not a company wide effort, too many people (employees, supervisors, payroll/personnel) spend too much time in collecting time, attendance and leave usage information, too much effort to justify benefits, involves expensive time capture automation tools. This leads to departments with time based revenue function capture necessary information but others don't, overhead costs are not truly reflected in the activity costing, localized productivity measurement and not enterprise productivity, difficulty in getting an accurate picture of costing, affecting revenue and profitability, errors in compilation and reconciliation, problems in managing absenteeism, loss of productive employee hours, not enough information to accurately measure an employee's contribution or cost. Haines, V, Petit, A (1997)

PERFORMANCE APPRAISAL

HRIS in PMS can help, by providing flexible, uniform and time driven appraisal workflow, linking goals to appraisal data, self service delivery. Performance appraisal is a very time consuming and a very lengthy process. Moreover many organizations also find it very expensive. It's a very important process in any organization. It leads to the overall development of the organization. Performance appraisal becomes major problem mainly in the big organizations as the number of employees is comparatively large. Some of the reasons why performance appraisal is a problem for many organizations is thatit takes too much time and effort to initiate and effectively complete a timely appraisal process, the employee performance and its appraisal happen at two different points in time and it is difficult to collate complete performance history at the time of appraisal, appraisers go by perception of performance than the performance itself, company goals are

[1]**Asst. Professor-IT, Amity University, Noida (UP),**
  Email : tbagga@abs.amity.edu

not systematically and logically scaled down to employee goals and targets. This leads to overload on HR department, overload on Appraisers, dissatisfied appraises, appraisal process achieves exactly the opposite result, it de-motivates employees more than motivating, forces the company to follow simple supervisor lead appraisal than more effective 360 degrees, lack of directions and targets for employees to align with company objectives, framework for measurements is difficult to implement. HRIS can help to simplify all these processes by automating them and making the work faster.Markus, M.L., Robey, D. (1983). Performance Management System enables HR departments to operate in a more proactive, timely and responsive manner throughout the performance management process. Additionally, it helps HR professionals to better service managers by putting performance information at their fingertips to identify professional growth opportunities and employee retention and satisfaction strategies. Employees can access current and historical review information as well as receive notification of upcoming reviews(Employease,2011)

PLANNING AND MANAGING HR BUDGETS

HR department budgets come under pressure first. In a market situation like today, it helps to know your budgets, plan well and understand impact of a cut on the business.HRIS can help by providing Multivariate analysis for, cost codes and their budgets, classification and what-if analysis.HR budgeting is a pain area for some of the organizations because of lack of data and lack of analysis tools. This leads to wrong budget changes at wrong places, variance in expectation and results of budget changes, wrong budget changes at wrong places, variance in expectation and results of budget changes. HRIS helps in solving this problem by providing an access to most updated cost code budget and performance data online, helped the managers to analyze the budget information and subject it to what-if analysis in a consistent manner with help of a multivariate weights and ranks, DeSanctis, G. (1986)

PAYROLL

Computing the payroll of the employees of the company is the most cumbersome activity in any organization. Lot of calculation needs to be done and a lot of details have to be maintained. HRIS can help by computing the payroll calculation activity and hence making it more flexible and systematic. This will not only save time of computing the payroll of the employees but will also make it effortless. Moreover the employees will be clear about the processes of computation of their salary. Kinnie, N.J. and Arthurs, A.J. (1996)

TALENT MANAGEMENT

Job requirement and employee skill gaps are difficult to identify, manage and proactively fill. Talent Management is a throbbing area for many organizations because it takes too much time and effort to build a skill database of employees and requirements of job positions, there is no systematic way to gather training needs from managers and staff and effectively act on the needs through training program management, Line function managers do not have time to plan and fulfill training needs of

their staff. This leads to Reducing customer satisfaction, reduced productivity, lost time, managers with under trained staff, increase in accidents or errors, more complains from customers Disgruntled employee, lack of structured training program, expensive to manage training programs, is cost of not training higher than training, managers' lack of confidence in training programs, difficult to measure ROI on skill building expenses. HRIS helps organisations by identifying skill gaps between a position and its occupier, building and managing a learning environment, building an enterprise wide competency model. In knowledge-intensive organisations, employees are often described as the organisation's "greatest asset", so managers must make careful choices about the way they control and manage employees and their organisational tasks. This invariably takes us away from the notion of direct control, where employees are characterised as just another factor in production, to be managed as efficiently and tightly as any other resource, and more towards a notion of indirect control.

BENEFITS ADMINISTRATION

The process of automating benefits administration is a big undertaking, but it is one where the results can be dramatic in their process improvement and financial impact.
Because the manual transactional efforts are removed from the benefits department, the benefits staff can focus on improving benefits delivery and reducing benefit costs by shifting the focus from transaction management to strategic benefits management (Valerie Gieseke, 2005)

TRAINING AND DEVELOPMENT

Training is the most important activity or plays an important role in the development of human resources. To put the right man at the right place with the trained personnel has now become essential in today's globalised market. No organisation has a choice on whether or not to develop employees. Therefore training has nowadays became an important and required factor for maintaining and improving interpersonal and intergroup collaboration. According to Tao et al., (2006) training, especially, is an important strategic practice in the development of internal competence. . HRIS help organisation to identify top employees early and use training and development tools to nurture and encourage talent. Allow employees to search for and enroll in training programs for professional growth. HRIS facilitates for Training Needs Analysis (TNA) to decide what training and development program might best meet the need, saving time and cost.

CONCLUSION

HRIS systems are helping HR department to change its image as cost center tostrategic business partner, they haveindeed enabled the HR Department to focus on strategic issues by lowering its administrative burden.they help in better analysis and more effective decision making besides providing the routine benefits in terms of efficiency and quality. Today almost all the sector and across the size, organisations are using HRIS systems for various HR functions to eliminate personal biasness and bringing transparency.

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