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Impact of E-HRM System on Organizational Performance: A Case study on Banking Sector

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ABSTRACT

The employees of banking sector envision that Information Systems will have a major influence on their working style will be highly innovative. Their paperless office will be highly automated for office activities e.g. recruitment, training, performance measurement etc. The objective of this research is to trace the emergence of e-HRM practices in banking sector and to find out the impact of E-HRM System on organizational performance and to offer recommendations and suggestions for enhancing the effectiveness of e-HRM systems. The study is confined to the Delhionly and a sample size of 150 public and private sector Bank employees. The research instruments used were questionnaire. Appropriate Statistical tools including Chi-Square Test, Percentage, wherever applicable have been applied to draw logical conclusions from the data.

Keywords: Human Resource Management; Information Systems; Public Sector; Private Sector

1.0 Introduction

All organizations are made up of people and function through people. Without people organizations cannot exist. The resources of men, material and machinery are collected, coordinated and utilized through people. These resources by themselves cannot fulfill the objectives of an organization. They need to be united into a team. It is through the combined efforts of people that material and monetary resources are effectively utilized for the attainment of common objectives. Without united efforts, no organization can achieve its goals. Of all the resources manpower is the only resource which does not depreciate, with the passage of time.¹

“The Management of Man” is a very important and challenging job; important because it is a job, not of managing ‘men’, but of administering a social system. The management of men is a challenging task because of the dynamic nature of the people. People are responsive; they feel, think and act; therefore, they cannot be operated like a machine or shifted and altered like a template in a room layout. They, therefore, need a tactful handling by management personnel.

If manpower is properly utilized, it may prove a dynamic motive force for running an enterprise at its optimum results and also work as an elixir for maximum individual and group satisfaction in relation to the work performed. Manpower management is a most crucial job because “managing

people is the heart and essence of being a manager.” It is concerned with any activity relating to human elements or relations in organization.² Among the various factors of production, which are used in an organization, human resource is the most important. This is because of the efficient use of physical resources (i.e. land, machinery, materials) ultimately depends on how the human factor is put to good use on various operations. The most efficient machinery will not produce at an optimum level unless the people who operate the machinery know how to make it to perform at its best and most importantly, are motivated to make their equipment to produce effectively. If the skill and the will are properly applied wonderful things can happen.³

Objective of the Paper:

- 1 To study the various E-HRM practices in banking sector
- 2 To find out the impact of E-HRM System on organizational performance

Hypothesis:

H0 – There is no impact of e-HRM System on organizational performance.

2.0 Brief Review of the Literature

With regard to the objectives of the study, this presents a brief account of Pertinent published research material by accredited researchers,

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professionals, industrialists and writers available on the research topics. Review of past research reveals some gaps which may be filled up by on ensuring attempt. It also possible to take some pointers regarding methodology and applications from published/ accredited research supports. Also comparison of findings can be made through magazines, journals, publications, papers presented at various conferences, books; websites, reports, etc. have been extensively researched to gather background information for this research.

Bondarouk and Ruel (2006) described does e-HRM contribute to HRM effectiveness? Results from a quantitative study in a Dutch ministry. This study showed the first empirical confirmations that in general positive use of e-HRM applications facilitate an improvement in HR effectiveness. Analysis of our data, collected in the Dutch Ministry of Internal Affairs and Kingdom relations, showed that positive actual use of Emplaza, the Ministry’s operational e-HRM application, got along with more positive perceptions of HR effectiveness. Easiness of use and the quality of Emplaza correlate significantly with technical and strategic HR effectiveness. Job relevance correlated only significantly with strategic HR effectiveness.

Tanya Bondarouk et al., (2008) stated that E-HRM is increasingly gaining importance within working organizations and many of its adherents assume and express its advantages. Their study contributed to the discussion on whether e-HRM supplies HRM effectiveness. A small number of academic studies have investigated this issue. Scientific support, however, is scarce and there is a lack of clarity regarding the contribution of e-HRM to HRM effectiveness. Line managers and employees were interviewed to examine the linkages between the use of e- HRM applications and perceived effectiveness of HRM. Results of the analyses indicate that the appreciation of e- HRM applications is associated with HRM effectiveness, and reveals differences in the use of e-HRM between line managers and employees.

3.0 Research Methodology

Research design of this study is descriptive cum exploratory; it is also a diagnostic study as an attempt has been made to study the cause and effect relationship. The present work is a study of employees in the public and private sector banks of Delhi. Given this comprehensive objective, employees of management level in all public and private banks in the city constitute the universe. I have taken four banks as survey population. Two were public sector that is CBI and SBI and other two was private sector bank i.e. ICICI and HDFC

I distributed 150 questionnaires out of which I received 100 in response. Data has been collected through structured questionnaire. The close-ended questions were framed on four point Likert Scale.

3.1 Statistical tools and techniques

The present study has been analyzed by using various statistical tools like Chi-square test, four point Likert Scale Ratings and Percentage Methods etc. The result and analysis had been shown with the help of tables. For analyzing the questionnaire, simple as well as cross tabulation has been used along with percentages. In the present study, in order to apply various methodological tools, SPSS was meticulously used.

4.0 Analysis of Data and Interpretation

Analysis of HRM practices which handled electronically as there are numbers of Banks in India having sound HR practices. The first part of questionnaire that is measure (E-HRM) practices at work, consider different types of e-HRM practices like E-recruitment, E-training, Eperformance, E-payroll, E-leave, E-learning, E- retirement, E-attendance, E-communication.

E-Recruitment: From Table 1, the bulk of respondents from public sector bank and private sector bank responded that this practice is running in their organization. Majority of employees says that both Job Portal and In Build websites are used by for the purpose of hiring candidates at CBI, SBI and ICICI & HDFC. From the responses 100% employee says “YES”. Job seekers are comfortable by this mean.

Table 1: E-Recruitment Practice

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	100	100.0	100.0	100.0

Table 2: E-Recruitment Practice Cross Tabulation

		E-recruitment practice	
		YES	Total
Bank	public sector	50	50
	private bank	50	50
Total		100	100

E-Learning: From Table 2, 93% respondents from public sector bank and private sector bank responded that this practice is running in their organization. And only 7% respondents said “NO”.E-learning is creating benefits by saving time, eliminating location constraints, cutting down costs and creating standardization in training processes.

Table 3: E-Learning Practice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	93	93.0	93.0	93.0
	NO	7	7.0	7.0	100.0
	Total	100	100.0	100.0	

Table 4: TE-learning Practice Cross Tabulation

		E-learning Practice		Total
		YES	NO	
Bank	public sector	47	3	50
	private bank	46	4	50
	Total	93	7	100

E-Succession: From Table 3, Planning for future human capital needs through succession planning is often linked to strategic planning and staff planning. Succession planning entails identification of employees who possess the skills to meet future organizational challenges. The respondents from public and private sector banks responded that 34% says “YES” that this practice is going. And 66% respondent says “No” this electronic human resource practice is not adopted.

Table 5: Succession Practice Cross Tabulation

		E-succession practice		Total
		YES	NO	
bank	public sector	17	33	50
	private bank	17	33	50
	Total	34	66	100

Table 6: Succession Practice Cross Tabulation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	34	34.0	34.0	34.0
	NO	66	66.0	66.0	100.0
	Total	100	100.0	100.0	

The below table (4) revealed the impact of E-HRM on organizational performance. In analyzing the data, researcher wants to ensure that these statements (S1 to S10) are all reliable and measure the scale to be fit. To test the S1 internal perception of Bank employees towards ‘e-HRM aims increasing efficiency’, an empirical study has been carried out in this context. The expected and count figures indicate a considerable difference in perception towards e-HRM. There is considerable influence take place, As we observe that the calculated value of chi square at 1df. @ 5% level of significant, indicate 21.160. Meaning thereby, that calculated value of chi square is higher than that of given value that is 3.841. Hence, we fail to accept the null hypothesis. It is quite obvious that the e-HRM ‘aims increasing efficiency’, drawn from this study.

Table: 7

	Chi-Square	Df	Asymp. Sig.
E-HRM aims increasing efficiency	21.160 ^a	1	.000
E-HRM aims cost reduction	25.000 ^a	1	.000
E-HRM aims flexibility	36.860 ^b	2	.000
E-HRM aims visibility	73.220 ^b	2	.000
E-HRM leads competitiveness	24.020 ^b	2	.000
speeding up HRM activities	65.180 ^b	2	.000
E-HRM leads productivity	.640 ^a	1	.424
E-HRM promotes ability to retain employees	39.620 ^b	2	.000
E-HRM improves quality	46.240 ^a	1	.000
E-HRM noticeable in the contribution of overall performance	3.940 ^a	1	.072

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.0.

As we observe from the above table (4) the calculated value of chi square of S 3.at 2 df. @ 5% level of significant, indicate 36.860. Meaning thereby, that calculated value of chi square is higher than that of given value that is 5.991. Hence, the null hypothesis is rejected. Here, we observe that the e-HRM always Increase flexibility. Meaning thereby, there is considerable influence take place, in accordance with the 'e-HRM' exist in the organization.

The above table (4) revealed that the perception of employees towards 'e-HRM' noticeable in the contribution of overall performance, an empirical study has been carried out in this context. As we observe that the calculated value of S10 chi square at 1 df. @ 5% level of significant, indicate 3.940. Meaning thereby, that calculated value of chi square is higher than that of given value that is 3.841. Hence, we reject the null hypothesis. It is quite obvious that e-HRM contribute to the overall performance drawn from this study.

5.0 Discussion

During survey Researcher talked to some employees to know that what they think about this new HRM practice in banks. While interacting with them Researcher came to know that this e-HRM practice is now a day is becoming very effective practice in public and private sector banks and perception regarding e-HRM contribution is very much high. By this empirical study I got to know that there are different E-HRM practices running E-recruitment, E-training, E-performance-payroll, E-leave, E-learning, E-retirement, E-attendance, E-communication in this sector.

The main objective of this study was to identify the impact of electronic (E-HRM) on performance of employees. As the results show (E-HRM) and its components, and there is significant positive relation with performance. It means using technology to manage human resources in the areas of recruitment, selection, and training and monitoring, discipline and reward employees more affect job performance organizations in today's global market and an organization that can use it best, compared to other competitors, will be a better place.

Limitations and future research directions

The main limitations of the study are time constraint and limited sample size followed by area which is Delhi city and only 4 public and private sector banks has been taken into consideration. There is much scope in this topic for further research; it could also be taken along with the wide area.

6.0 Conclusions

This study has identified e-HRM practices of selected public and private sector banks. Based on the findings of this study, we can conclude that selected banks have many e-HRM practices are applied in almost all banks in managing their human resources effectively and efficiently. When considering the overall E- HRM dimensions, in selected public and private sector banks at the same time the impact of e-HRM practices are at a higher level in the study area. This study was an evident to conclude that e-HRM practices are being used increasingly in public and private sector bank branches in the study area.

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