CHAPTER - 1

INTRODUCTION

1.1 Paradigm Shift- The ongoing diffusion of information and communication technology (ICT) in all facets of business is leading to multidimensional and often unpredictable changes and advancements. Except manufacturing and operations most of the functions of the organization is performed with the click of mouse and latest evolution touch screen, thus the business and its employee in present confront numerous tests and prospects that grow due to complex nature of work and unending changes taking place in the domain of work. Major challenges include, frequent change in business cycle, rapid change in work technology, unification of world economy, wireless communication, e-business, economic restructuring and new code of employment. One of the largest breakthroughs in the work arena is automation, modernisation, digitisation of the work and nearly steady scientific progress, with a specific shift in the direction of the deployment of scientifically modern techniques of accomplishment of different functions and jobs, hence human resource (HR) function of an organization cannot remain aloof and secluded and same pattern has got to be followed for human resource management practices, henceforth fresh, vibrant methods of administration of human resources are sought after every day. This has more impetus as different stakeholders are hungry of information and need customised information in 24*7 mode at their finger tips.

ICT has led to swift expansion of e-business and still upcoming as a big thrust, as a result human resource and HR professionals are confronted with the different tests and problems of delivering in directions in the streak with the organizational trade. Human resource function can become a valuable associate in delivering accomplishments; however for deliverance it needs alter its spotlight, its position, along with its service delivery mechanism. HRM has to function parallel of being proactive and reactive simultaneously in reply to the continuous varying commercial background and this is rife in the way that personnel function both within and outside the organisation is being conducted. New vibrant, flexible and adaptable way of managing HR issues policies and practices are being sought after and HR service delivery in electronic form is the solution of above mentioned issues. Paradigm shift in business environment nationally and
internationally is having significant impact on internal business environment of Indian organisations and consequently have an impact on personnel function being delivered.

1.2 E-HRM “The Technology”- ICT is one of major breakthrough in personnel function by reorganization and reorientation of process, mechanism and system as a whole not only in the name of digitization and automation of services but also the services are being accessed by different stakeholders at different point and mode. Most of progressive establishments are set with different type of mechanism which facilitates in deliverance of HR services in digital platform.

E-HRM has made few buzzwords like automation, transparency, empowerment, paperless office, least human interference a reality and is considered the panacea for all the ills of workplace. Technology has led a major transformation in the providing and accessing of personnel provisions in the organisations. This is quite evident by way of human resource facilities and programs both internally and externally in the establishment is being executed and delivered. There is a wide practice by HR staff in organization to activate e-HRM tools to execute responsibilities on digital base by e-personnel data management, e-administration, e-work design, e-personnel planning, e-recruitment, e-selection, e-learning and training, virtual performance appraisal, e-salary and benefit administration, e-times office, and e-compliance reporting resulting in stakeholders are likely to receive HR services in a lesser amount by physical presence and pen and paper mode and consumes operational, monotonous, regular operational services by active involvement in ICT enabled platform with personnel staff or outside merchants via phones, mobile, world wide web and other wireless devices.

1.3 E-HRM “Continuum”- The role of HR function in few organizations are only limited to elementary HR interventions, day to day activities, time and labor management, salary and personal data administration, often named as operational (transactional) HRM. Organizations with sound and healthy HR function, having most of prevalent and relevant HR functions from hiring to retiring including all the life events of employee fully functional and duly focused HR department termed it as relational (traditional) HRM. Some of organizations have faith in employer brand, change management, knowledge management, enabling strategic capability to
HR function named as transformational HRM. Three level of HR function has been identified but extent to its digitization varies from organization to organization. In an organization HR function may be at highest level i.e. transformational level but application of electronic tools may be limited to operational or relational level.

Three main forms of e-HRM, operational, relational, and transformational are exceptionally and intimately linked to the technique in which personnel function progress inside the establishment. For the operational type of e-HRM, HRM activities that were offered face-to-face now are being offered through web-based technology. For relational e-HRM, most of HRM functions will have a support of internet technology rather using pen and paper. Transformational e-HRM creates workforce capable to face any challenges and willing to change as per requirement with a aim to talent management and employer brand building through an incorporated and interlinked set of software and hardware tools thus compatible with strategic choice of the business. Different levels of e-HRM differ from organisation to organisation. Some of the organisations would use technology for initial level i.e. operation and others using technology to the advanced level named as transformational e-HRM and a part of the organisation in between at the relational level.

1.4 E-HRM “The Care Taker”- Present time business has lots of stakeholders but internal stakeholder i.e. employees are the most important as they are the deciding factor and determine the direction and level of the business especially in knowledge economy where services are high in demand. Higher satisfaction level of employee doesn’t guarantee high level of performance but desirable to remain competitive in business. Some organizations proactively and few with the rapid development of e-commerce and significant rise in virtual, networked organizations has compelled HR professionals to sail in digital world and offer services on electronic platform resulting in emergence of electronic human resource (e-HRM). E-HRM is integration of information and communication technology (ICT) and HR mechanism, content, process to provide services to different stakeholders and simultaneously providing competitive edge to the organization.
At the same time workforce, the most important asset of any organization becomes liability if they are not provided prerequisite attribute of satisfaction to align with corporate goals and visions. In any business there are three basic resources used as input are physical resource, financial resource and human resource. Out all these three resources human resource is most important and valuable as business result or top-line and bottom-line growth of an organization depends on human resource who handle the organization. All other resources can be imitated but human resource cannot be imitated and one cannot have a replica or duplicate copy of employees as workforce of an organization is unique. Physical and financial resources are insignificant when compared with human resource.

In modern times there is complete dearth of competent, knowledgeable and skillful employees, so workforce become as significant as clients, so employee satisfaction and customer satisfaction are equally important for any organization as keeping workforce motivated to deliver gold is very challenging. So HR has to play a major role and delivering services in digital or electronic platform is a big game changer. It is therefore expected that the adoption of e-HRM technologies is driven by need for client service improvements. Empowerment of employees in availing HR services is a one of substantial breakthrough in HRM to navigate it to higher levels. The way HR services offered in an organization must be easy to access, easy to use and simultaneously useful to use. HR service delivery should facilitate role clarity, internal communication, and must act as a decision support system. Manpower satisfaction level increases if there is flexibility and transparency in HR service delivery.

Traditional HRM is paper consuming, time consuming and people centric where e-HRM is application of IT systems, interactive electronic media, and telecommunication networks to carry out the functions of the human resources management department. E-HRM managers always strive to provide a seamless integration of all HRM services with a common goal of internal stakeholder’s satisfaction. E-HRM is an internet-based elucidation that extracts benefit of the most up-to-date web application technical know-how to bring an online real-time human resource management solution. E-HRM is use of ICT for human resource function which facilitates easy interface among different stakeholders of the business. It compiles information about life events of employee and reduces cycle time and consumption of paper considerably and
permits trouble-free entrée of huge amount of data and information. Workforce may track their career path and achievements automatically without human intervention. It may be used for execution of diverse HR process in an establishment. Properly managed e-HRM act as a communication tool which is flexible (24*7), anywhere anyplace, accurate, integrated, completely aimed to suitable or needful consumer, and bundled in a package to be well understood by service recipient.

Through e-HRM workforce or teams may contribute and persuade, over HR function from top level radical pronouncements to regular monotonous provisions by giving feedback and suggestions. Empowerment is about workforce involvement by way of augmented assignment of duty down the chain of command, which is facilitated by e-HRM application. At the same time not providing routine monotonous tasks in self service mode may be a major lacuna on the personnel function having no spare moment to think and do something different. Instead of HR executives handling everyday routine tasks such as leave application, change in personal information, salary slip, tax deduction can be managed by the personnel themselves or their head of the department. E-HRM imbibes a system of transparency and minimizes or eliminates involvement of personnel staff, permitting executives and staffs to execute HR chores straight with self service applications, hence inculcating the sense of empowerment. The use of web-based technologies for human resource management practices and policies is maturing within business lifecycle and facilitating transparency. It is important for each member to understand their role, the role overlapping and every possible step has to be taken to minimize role ambiguity. The application of e-HRM has the outcome that precise human resources activities are delegated to managers and employees and thus the execution of e-HRM have an impact on the sharing out of HR tasks. The organizations overall strategy has an influence on the division of the responsibilities however link provided and channel of communication assigned somehow facilitates division of authority and responsibilities between managers, employees and HR professionals hence role clarity.

1.5 E-HRM “The Business Partner”- There could be differences on several or almost all the issues but there is unanimity among the entire management practitioner that people are the only key competitive advantage of any organization. This clearly indicates the HR function
responsible for the same has to tighten belts by reengineering or reinventing the service delivery of HR function in electronic platform so that it can align HR policies, mechanism, process, and practices with business strategy of the organization. Electronic human resource management as a true business partner, must be able to increase organization’s strategic capability by employing a shared mind-set and accountability to key performance indicators by standardizing its service delivery, reducing the administrative burden of HR professionals, improving employer brand image, creating ready to change workforce, increasing competence of employee, and supporting knowledge management. E-HRM is always on radar and examined whether it can succeed to change the outlook of HR function from reactive to proactive, cost centre to bottom line contributor, facilitator to business partner, transactional to transformational or strategic.

E-HRM is taken as an important source of strategic capability building. E-HRM is supposed to shift focus of HR function from employee welfare to strategic contributor by reorienting intellectual capital of the organization and be a facilitator of knowledge management and at the end provide strategic edge to the establishment. Its attributes, tools, mechanism, system is a big game changer and pathfinder in providing strategic capability to the HR function. E-HRM facilitates in better serving and management of every institution’s most important strategic capability builder, innovator, thinker, server of client-employee. Digitization of HR function gets rid of redundant actions, presents more precise and timely human resources information and – perhaps most important – automates the time killing, fault prone human resource paper story. It leaves human resource professionals with more time to focus on strategic tasks and manage in best possible way the company’s most important resource- its people. Technological change is a key driver for HR transformation, providing the foundation to support HR’s growing strategic focus. Especially, network and internet technologies have already given employees direct contact to each other, to HR, and to business information with such ease and intelligence that every worker can contribute more directly to business results. It is seen that there is a radical change in human resource management function and there is transition from a secretarial, maintenance, utility department to the core of strategic orientation and the application of technical knowhow is one of the main ingredient of this massive change. Budding technical knowhow has resulted in new scope in the direction of human resource by means of formation of virtual staff, dropping
levels of hierarchy and rewriting the position of human resource as strategic associate in the age of information system. Establishments associating human resource function along with the other functions like marketing, finance, operations, information technology of company have the prospective to add useful value to the strategic assimilation of human resource function with establishment’s overall strategy. E-HRM technology is harbinger of knowledge management and creates positive organizational culture and high performance systems. Knowledge management is supposed to be biggest wealth creator and it may be explicit or implicit inside the establishment or outside the establishment, if it s utilized in proper way can deliver gold both for the organization and individual employee. Information and communication technology is supposed to be facilitator of knowledge exchange and has been largely automated through latest internet and web technology. Now a day’s lot of organization has initiated to clinch human resource automation and computerization as it has widespread benefit to the organization. E-HRM not only automates the HR function but provides lot of leverage to the business by being effective and efficient.

E-HRM is the in reality a strategic plan to outshine the business in the computerization era, by interlinking HR function along the organizational strategy of the establishment and create congruence between business strategy and human resource policies which jointly enhance the attainment of bottom line, competitiveness and performance. Strategic HRM helps the organization to achieve strategic fit with its market environment. E-HRM facilitates HR function in liberating itself from daily operational, monotonous requirements and making it more in tune with the decision making, understanding of the employees, preparing change ready workforce. E-HRM is a big contributor and facilitator in employer brand building. As a strategic facilitator e-HRM standardizes the service delivery, reduces administrative burden, and improves the competence of the employee Alignment of HR policies/ practices with business strategy of the organization is one of the major characteristics of e-HRM. E-HRM attributes, tools, mechanism, system is a big game changer and pathfinder in providing strategic capability to HRM function if implemented properly.

1.6 E-HRM “Bottom Line Contributor”- There is a common opinion that HR function in nearly all the business are cost centre rather than the profit centre and in most cases measured as
the operating cost. In present business scenario organizations are facing multipronged competition especially in terms of financial matters. Success of any organization is basically measured on top line and bottom line growth and at the same time forced to provide goods and services at lowest possible price to remain competitive and some time to have an edge. In most of the organization by nature revenue generation is limited to marketing, operation or finance function. In this piquant situation HR function cannot remain silent spectator and have to deliver financially. A function can contribute financially either by revenue generation or by cost reduction/ avoidance. The only option left to HR function to contribute financially, is cost reduction or avoidance. For HR professionals there is an obvious choice that is in form of e-HRM which is considered resource saving tool, if implemented and used properly, will save costs, time and money by streamlining the work and cutting down on time taken to perform different functions. Cost reduction by e-HRM can be done by HR headcount reduction, stationery material cost reduction, outsourcing cost reduction, reduction in HR transaction cost and reduction in cycle times of HR activities.

Cost cutting is a key force in any strategy whether it is cost, differentiation or focus. For an organization following cost as unique selling proposition (USP), cost control is of highest importance but for an organization even pursuing a differentiation, innovation or focus strategy, cost reduction or control is desirable. Cost reduction is the most substantial consequent from e-HRM because it refers to real benefit that pour straight to the profit margin. It typically forms the basis for the business case and is the most tangible form of benefit, mostly appearing as a direct financial contribution. E-HRM enhances the productivity of HR professional as they are not supposed to do overlapping pen and paper based jobs and in most of cases normal, routine, monotonous work can be done by employee through self service application (SSA). The HR executives are supposed to perform core or strategic HR activity and be a facilitator to different stakeholders like employees, professionals, legal specialists and controllers who use these services. In this way output of HR professionals increases as they have spare time to see out of the box and be strategic partner of the business. Relevance of the internet to the HR function (e-HR) combines two fundamentals: one is digital platform while the other is the vigorous involvement of workforce in the development. These fundamentals force the technology that
helps business reduce administrative cost, enhances employee interaction and satisfaction; make available immediate access to information while at the same time lowering dispensation time.

Managerial aim for e-HRM include decrease in cost through reorganization of HRM maneuvers improved efficiency and effectiveness through providing better deliverance of HRM services. Different e-HRM instruments and tools adopted by organizations facilitate the organization in achieving financial as well as stakeholder’s goals. E-HRM provides HR services on digital platform and use of interactive voice response (IVR), e-mail, internet, intranet, extranet, ESS, web portal and other tools resulting in reduction in postage, paper and stationery material requirement and manpower required to carry the file from one table to other. With reduction in paper consumption, storage space and cupboards required to store old files and records minimized as these files and records are stored in computer hardware. E-HRM facilitates automation of HR transactions resulting in mutation of entries, reduction in duplication work, less chances of human error hence quality improvement saving. Lot of activities which were earlier out sourced, now e-HRM empower employee and provide the platform of self service and can be performed by employee themselves and at the end reduction in outsourcing cost. E-HRM streamlines the flow of task and reduces backtracking and task can be performed in assembly line production system resulting in reduction in unnecessary delay and cycle time. Every facility requires initial investment and day to day operational cost. In most of the organization digitization of HR function is not a standalone activity so it’s very difficult to calculate. Calculation of payback period or return on investment is similarly a very tedious and complex task as benefits of e-HRM is mostly qualitative in nature very difficult to quantify in monetary terms.