



# **E-Human Resource Management: A case study of the State Bank in Pakistan**

By

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in partial fulfillment of the requirements for the degree of  
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## **ABSTRACT**

The knowledge-intensifying process of the economy and the correlated rise of organizational networks, with their greater dependency on qualified and committed employees, explain the need for a form of Human Resource Management that meets the demands and needs of the management and the employees of the network organization.

Considering this, the requirements for such a form of HRM that become apparent are: on-line applications for HR information, and the tools that are available at any time in any place, and that enable continuous interaction between the employees and the organization.

The software industry has developed for the HR professional to make it able to store, sort and retrieve information placed on huge databases. e-HR is the actually a strategic initiative to make the organization propel itself in the information age; by freeing itself from daily operational, monotonous requirements and making it more in tune with the decision making and better understanding of the employees. With the increasing possibilities of providing services to employees and management through Internet and Intranet applications, an HR professional would not be necessary to obtain information from HR policies and practices within an organization.

E-Human resource Management is emerging; it is knocking on the doors of HR departments and even entering without asking. In organizations managerial boards are aware, but little is being done. The research is focused on Pakistan. It is a strategically important country with lots of foreign capital being invested in the country.

## **ACKNOWLEDGEMENTS**

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For  
Family & Friends

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 INTRODUCTION**

Human Resource Management department started with a humble filing cabinet. The records consisted mostly of static information on employees (Hopkins & Markham, 2003). With the passage of time other information came to the forefront such as information on salary, compensation and training aspects. This information was kept in the respective departments but not integrated into one unified database. As things moved on especially with the introduction of computers, specialized programs began to be developed that lead to the Human Resource Information Systems or (HRIS).

From a technical perspective, the IT possibilities for HRM are endless: in principal all HR processes can be supported by IT. E-HRM is the relatively new term for this IT supported HRM, especially through the use of web technology.

The diagram below shows the E-recruitment model presented in modern organizations. The process shows the difference between the traditional and on-line processes. The traditional process has all the hallmarks of simplicity that was common before the advent of Information technology in business. With the coming of information age things have changed so that the advertisement for job can be generated on-line and then the entire process follows suit.

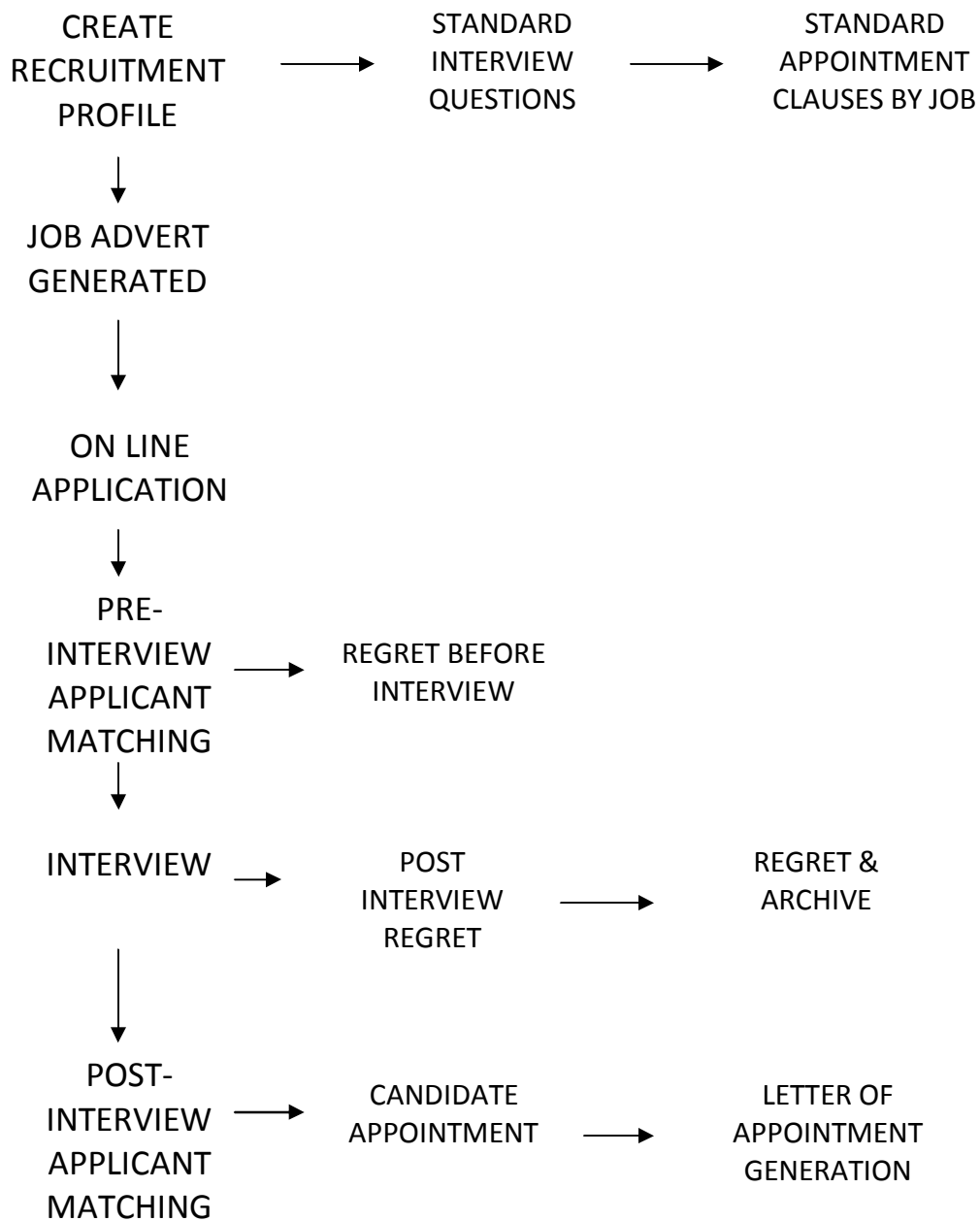


Figure 1.1: E-Recruitment. Reprinted from “Designing a Model for Evaluating the Effectiveness of E-HRM (Case Study: Iranian organizations),” by Sanayei, A and Mirzaei, A ,2008, *Department of Administrative Sciences & Economics Department of Management University of Isfahan, University of Isfahan, I. R. of Iran.*

With the increasing possibilities of providing services to employees and management through Internet and Intranet applications, an HR professional would not be necessary to obtain information from HR policies and practices within an organization. Just click once or twice and a specially designed HR website could lead to the required information. Line managers and employees would be held responsible for the operational and administrative HR activities, which would be supported on-line. E-HRM can be the engine for pushing down the costs of any company and making it profitable. According to Lepak and Snell (1998) there are three branches of e-HR:

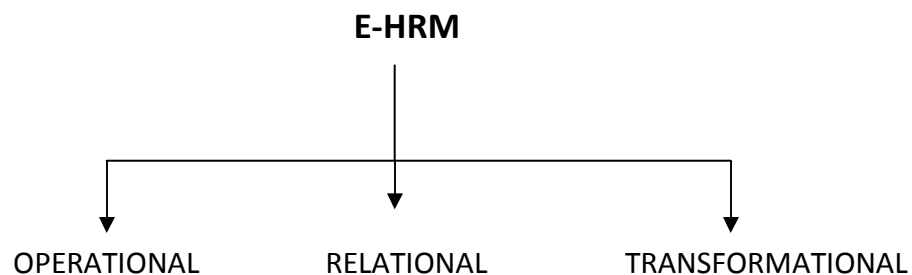


Figure 1.2: Branches e-HRM

**Operational:** The operational aspect as the name suggests is mostly concerned with salary, compensation and employee bio-data.

**Relational:** The relational aspect deals with training, performance management and recruitment.

**Transformational:** The Transformational e-HR is mostly about the strategic aspects such as knowledge management

The internet is vital to the technology-driven HR and is revolutionizing our lives. The way we write mails, the way we do library research to the way we do commerce every aspect has been shaped by the phenomenon known as the “The Net”. The word “e” has become synonymous with e-mail, e-commerce, e-bulletin and other such terminologies. Now we can not imagine the web not being in our lives; it has become an integral part. We cannot live without it. People chat online, see one another and take respite in the fact that the world has become a global village.

Western economies are becoming increasingly knowledge economies. By this we mean an economy (or production system) in which the majority of profit and non-profit organizations are concerned with the provision of services based upon information and knowledge. This is in contrast to the industrial economy in which both profit and non profit organizations aim to process raw materials and produce tangible goods.

In a knowledge economy, the network is becoming the dominant organization form. Several researches have demonstrated that the shift from the industrial



towards a knowledge-based economy goes together with a rise of the networks the organization form (Castells, 1996)

Castells (1996) defines a network enterprise (the new organization form of the knowledge economy) as,

“that specific form of enterprise whose system of means is constituted by the intersection of segments of autonomous systems of goals”

An eye-catching characteristic of networks is the inter-dependence of various parts which in themselves are autonomous. Essential to the functioning of the different parts is their self-directed/self-managed collaboration with other parts, an area where IT (‘hard networks’) and interpersonal relationships (‘soft networks’) form the basis (Degenne and Forse, 1999).

Huiskamp and Schalk (2002) interpret the new organizational form as a ‘flexible and innovative’ organization (a shift to the more traditional ‘bureaucratic type of organization). To sum up the rise of the knowledge economy is accompanied by a transformation of the bureaucratic organization into one of the networked types. This transformation also becomes visible in the relationship between the individual employees and the organization.

### **1.1 Background of the problem**

The research is focused on Pakistan. It is a strategically important country with lots of foreign capital being invested in the country. It has an open capital-based economy. E-HRM in Pakistan is in its initial stages (Kemal, 1998). The focus is primarily on administrative tasks or controlling employees so as to control labor costs. The purpose of this thesis is to know where Pakistan stands in terms of IT adoption especially in the HR department and at what level is e-HR being implemented at its major institutes esp., the State Bank.

The State Bank of Pakistan (SBP) is the central bank of Pakistan. The Bank was founded in 1948 with the headquarters' in Karachi, which is known as the financial capital of Pakistan. The State Bank of Pakistan performs both the traditional and developmental functions to achieve macroeconomic goals. The traditional functions include: Issuance of notes, regulation and supervision of the financial system, bankers' bank, lender of the last resort, banker to Government, and conduct of monetary policy. The secondary functions include the agency functions like management of public debt, management of foreign exchange, etc.

The non-traditional or promotional functions, performed by the State Bank include development of financial framework, institutionalization of savings and investment, provision of training facilities to bankers, and provision of credit to

priority sectors. The State Bank also has been playing an active part in the process of islamization of the banking system.

The study was conducted at the HR Division. It manages issues related to the grant of employee recognition awards and up-to-date incorporation of employee records in Oracle databases. Following units/areas of work are included in this division:

- i) Compensation & Benefit Planning Unit is responsible to carry out all activities related to developing best market strategies regarding compensation and benefits for employees.
- ii) Employees Database Unit is responsible for maintaining & updating employee data and HR Broadcast of various messages/ circulars/ orders etc. for prompt communication to Bank's employees.
- iii) Service Record & Compliance Unit maintains and updates employees' personal files, verify employees' particulars, and ensure timely confirmation of eligible employees in the Bank's service.
- iv) HR Automation Unit focuses on Oracle to solve the issues in smooth implementation and management of HR.

The author has tried to find out the e-HR practices being implemented in the above said Bank. For this purpose, some research questions are asked to tackle the problem(s) at hand. These questions will form the backbone of the research. The Chapter 5 (Discussion and Recommendations) has analysis on the questions which are presented below.

## **1.2 Research Questions**

A few research questions have been established to align issues being covered.

1. Why are HR professionals adopting e-HR practices?
2. What are the critical success factors for the State Bank of Pakistan?

## **1.3 Research Objectives**

The purpose of the present study is to examine the use of e-HR in Pakistan especially the State Bank. More specifically it aims at:

- i) Examining the reasons for adoption of e-HR practices.
- ii) Identifying critical success factors in e-HR adoption.

## **1.4 Significance of the Study**

The study will evaluate as to where Pakistan stands in e-HR implementation by looking into its key organization i.e., the State bank of Pakistan. The study shall

explore as what led to e-HR implementation at the Bank especially the HR department, where it stands now and what future direction it is likely to take.

### **1.5 Definition of Key Terms**

**E-HRM:** With e-HR, the target group is not just the HR staff but also people outside this department: the employees and management. HRM services are being offered through an intranet for use by employees. The difference between HRIS and e-HR can be identified as the switch from the automation of HR services towards technological support of information on HR services.

**HUMAN RESOURCE MANAGEMENT SYSTEMS (HRIS):** These are directed towards the HR department itself. Users of these systems are mainly HR staff. These types of systems aim to improve the processes within the HR departments itself, albeit in order to improve the service towards the business.

### **1.6 Organization of chapters**

There are five chapters in this project report. The first chapter is prelude to our research. It comprises of back ground problems, research questions, objectives of research, and the importance of research. Chapter two has a review of contemporary literature that will tell the extent of e-HRM prevalent in world; its past, present and future. The chapter three includes the collection procedures of

the strategies and procedures that were used to analyze data collected from the survey. The chapter four presents finding for the study. Chapter five has conclusion and recommendations.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

Those people who are in favor of adopting IT in their offices are saying, from a technical perspective, that the possibilities for HR when it comes to e-commerce are endless: in principal all HR processes can be supported by IT. Trapp (2000) warns against the idea that e-commerce is over because the dot.com bubble has burst. He is convinced that the internet will never go away: the use of the internet will keep on increasing as companies look for ways to reduce costs.

According to Trapp (2000), HR departments are not immune from such trends, in particular now-a-days when they are being pressed to prove their added value to business performance. HRM will acquire a new dimension with the emergence of e-business. Wright and Dyer (2000) present a similar line of reasoning: e-business is emerging, and therefore HR professionals are faced with the challenge of performing in ways that are in line with the business.

In their view 'HR functions [can] become critical partners in driving success, but to do so requires that HR changes its focus, its role, and its delivery systems' (Wright & Dyer,2000). According to them, in e-business, the application of intranet technology for HR is inevitable.

As mentioned in chapter one, organizations have become knowledge based and that a great deal of networking is taking place both at the IT level and people level. The structure of a network organization is flat and team-based. This form of organization structure (in contrast to that of the bureaucratic) requires voluntary participation, collaboration, loyalty, and informal relationships between management and employees.

Employees and managers within modern organizations no longer have a dominant command and control function, but are assigned to manage and coach teams. All this becomes visible in the labor relationship. The way in which organizations and individuals 'exchange' labor is moving in a strongly pluri-form labor market. Castells (1996).

Part-time and flexible jobs, more diversity in career, the rise of intermediate labor contract organizations (such as temporary employment agencies, interim management, and consultancy firms) and more frequent switching between employers seem to be characteristic of the knowledge economy.

The increasing intensity of knowledge in Western economies affects the management of employment relationship at the organizational level. Organizations have become increasingly dependent upon the quality and the commitment of their co-workers. This dependency requires a change in HRM from



that which is relevant to an industrial economy. According to Huiskamp (2002), the rise of the flexible and innovation-driven type of organization explains the greatly increased attention paid to matters such as strategic HRM. The diagram below shows precisely what Huiskamp and Schalk (2002) have been trying to say. It shows the evolution of HR from mere business function to that of a strategic partner.

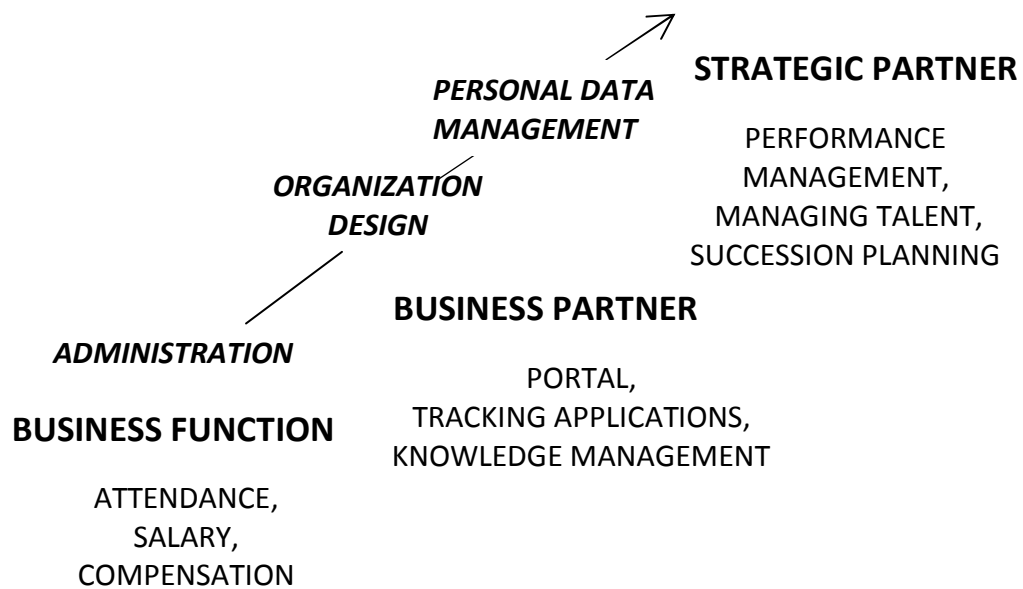


Figure 2.1: HR-Tree. Reprinted from “Evolution of the HR function” by Bhatia,T, 2008, *HR Practices*,9,1-10

In the past, HRM focused mainly on control, registration, and administration: in the knowledge economy where knowledge workers emphatatically form the capital of the organization, HRM should focus on improving service provision, dealing with change, and facilitating organizational flexibility.

Classic HRM models such as those from Harvard (Beer et al., 1984) and Michigan (Fombrun et al., 1984) assume that HRM can only be effective if it connected to an organization's strategy. Strategic HRM assumes a direct and interactive relationship between the management of employment relationships and the organizational strategy.

The knowledge-intensifying process of the economy and the correlated rise of organizational networks, with their greater dependency on qualified and committed employees, explain the need for a form of HRM that meets the demands and needs of the management and the employees of the network organization. Considering this, the requirements for such a form of HRM that become apparent are: on-line applications for HR information, and the tools that are available at any time in any place, and that enable continuous interaction between the employees and the organization.

It is these conditions that require a step in the direction of e-HRM. Therefore, the rise of e-HRM can be best understood as an outcome of transition of Western economies from industry-orientated (tangible products) towards knowledge-orientated and the correlated switch from the bureaucratic organization form, towards a network based form. EHRM is the relatively new term for this IT supported HRM, especially through the use of web technology.

## **2.1 Strategic Role and Functions of HRM**

Human Resource Management is a strategic partner of every organization. It supports the business strategies across the board giving advice to clients i.e., both internal and external. HRM of today thus has a proactive and thinking approach. It assists the organization in creating and maintaining a competitive edge. The HR department should act as a profit creator and minimize expenses i.e., it creates value.

Table 2.1: The functions of HRM

| Function                 | Task  |
|--------------------------|---|
| Staffing                 | <ul style="list-style-type: none"> <li>Job description and evaluation.</li> <li>Determining actual employees</li> <li>Recruitment and selection</li> <li>Attracting talent</li> <li>Selection process</li> <li>Motivating the talent</li> </ul>                                       |
| Training and Development | <ul style="list-style-type: none"> <li>Induction</li> <li>Acclimatizing for new employees</li> <li>Competency mapping</li> <li>Appraisal</li> <li>Training need assessment</li> <li>Training Process</li> <li>Potential Assessment</li> <li>Fast Track (talent management)</li> </ul> |
| Motivation               | <ul style="list-style-type: none"> <li>Appropriate appraisal process</li> <li>Determination of salary and benefit</li> <li>Rewards</li> <li>Recognition motivation</li> <li>Monetary motivation</li> </ul>  |
| Maintenance              | <ul style="list-style-type: none"> <li>Installing and maintaining two way communication</li> <li>Awareness creation</li> <li>System for safe working conditions</li> <li>Establishing fairness</li> <li>Dispute, Grievances, Unions</li> </ul>  |

## 2.2 Definition of e-HRM

There is a fundamental difference between Human Resource Information Systems (HRIS) and e-HR. HRIS are directed towards the HR department itself. Users of these systems are mainly HR staff. These types of systems aim to improve the processes *within* the HR department, albeit in order to improve the services towards the business.

With e-HR, the target group is not the HR staff but people outside this department: the employees and management. HRM services are being offered through the intranet for use by employees. Technically speaking, it can be said that e-HR is the 'unlocking' of HRIS for all employees of an organization.

E-HRM is a way of implanting HR strategies, policies, and practices in an organization through a conscious and directed support of and /or with full use of web-technology-based channels. The word 'implementing' in this context has a broad meaning, such as making something work, putting something into practice, or having something realized. E-HR therefore is a concept-a way of doing HRM.

The chosen statement by Ulrich (1997) tries to show that the e-component adds a new dimension that 'rocks the HR boat'. In other words, e-HRM forces 'traditional' HR professionals to re-think and redefine policies and practices and, indeed, their own profession.

### **2.3 E-HRM: to what extent is something going on?**

Scientific research regarding e-HRM has been scarce so far, but there are signs that it is receiving increasing attention. Limburg et al (1998) carried out a case study into the application of IT for HR purposes and found only one case in which an e-component was used for HR purposes and that could really be labeled as e-HRM. The case concerned Dow chemicals that launched a global HR intranet. This company remains a forerunner in terms of e-HR. Ruel (2002) has also presented results of a case-study in which research is carried out in Dutch companies.

The research focused especially on the use of IT for HRM practices regarding flexible labor conditions. The findings were that, in most cases, IT had primarily a registration function. To a limited extent, IT was used for 'higher-level' purposes such as informing and decision support. The general impression is that companies use less-advanced IT than might be expected. Furthermore, the IT used seems to be less integrated into broader systems than anticipated.

The only other information found on IT use for HRM purposes came from consultancy firms or commercial research. Such material should always be treated with some caution since such organizations often have commercial interests in finding specific results. Never-the-less with this proviso, we will summarize the results of a number of these findings. Among these are reports from Hay Group,

SD On site, Watson Wyatt, IDC Research, iLogos Reserch, arbidsmarkt.com, and the Gartner Group (Ruel, 2002).

Overall, the studies show that e-HRM is an increasing phenomenon. More than one-fifth of large companies have made considerable steps to support HR practices and policies through web technology. A quarter of the companies claim that e-HRM has a priority, and more than half at least a moderate priority (Ruel, 2002).

In particular, job posting/recruitment, information dissemination, and training and development are being supported by web technology. In Europe and the US, more than 90 percent of all companies use their websites for recruiting people. However, this is not as dramatic as it sounds. It means only attracting applicants, not using the support of the back office processes, or the selection itself (Ruel, 2002).

## **2.4 The state of HRM in an organization**

Organizations do not start with nothing when they step out onto the e-HRM road. For a start there will be certain implicit or explicit HRM policy assumptions and practices already in use. Beer et al (1984) speaks about HRM policy choices. The set of HRM policy choices within an organization can be categorized into one of the three types distinguished by Beer et al (1984).

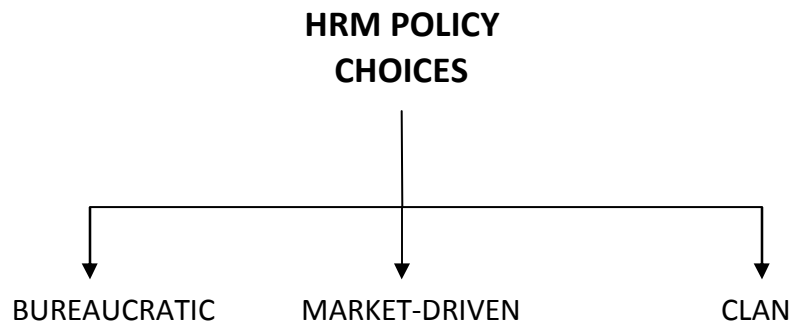


Figure 2.2: HRM Policy Choices

**The bureaucratic policy-** Bureaucratic policies are especially found in organizations that operate within a stable environment, both technologically as well as socio-economically.

**The market policy-** A market policy is often seen in organizations that have to react rapidly to changes in their environment, for example to strongly fluctuating markets.

**The clan policy-** Finally, the clan policy can be found in organizations that quite heavily rely on delivering quality and on innovation.



## 2.5 E-HRM Goals

What goals drive stakeholders when deciding about e-HRM? According to Lepak and Snell (1998) they refer to the four pressures.

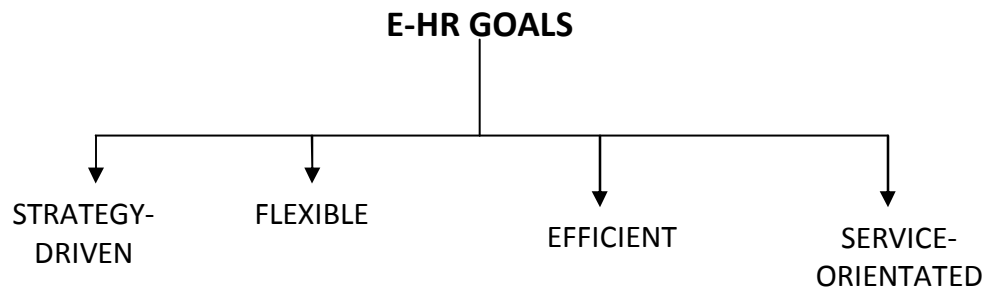


Figure 2.3: E-HRM Goals

- i) HRM departments are asked to focus on strategic questions.
- ii) These departments need to be flexible in terms of policymaking and practices.
- iii) HRM departments should work efficiently and be aware of costs.
- iv) HRM departments should be service-oriented towards management and employees.

In short, HRM departments must be strategy-focused, flexible, efficient, and client oriented; and all at the same time (Lepak & Snell, 1998). Ruël (2002) highlights an aspect that is fairly well covered by the above.

With the supply shortage in the labor market (during the economic upturn of the 1990s), the individualization of society, and the increased educational level of citizens (and thus of employees), the power balance in the employment relationship has shifted in the direction of the employees: they want to steer their own career paths. In the view of Ruël (2002), a move towards e-HRM can provide the tools to support this development. This aspect fits into earlier-mentioned drivers such as improving service towards internal clients, but has an external societal drive.

## **2.6 Types of e-HRM**

Lepak and Snell (1998) make a distinction, namely:

**Operational e-HRM-** The first area, operational e-HRM, concerns the basic HR activities in the administrative area. One could think of salary administration (payroll) and personnel data administration.

**Relational e-HRM-** The second area, relational e-HRM, concerns more advanced HRM activities. The emphasis here is not on administering, but on HR tools that support basic business processes such as recruiting and the selection of new personnel, training, performance management and appraisal, and rewards. For relational e-HRM there is the choice between supporting recruitment and

selection through a web-based application or using a paper-based approach (through advertisements, paper-based application forms and letters etc.).

**Transformational e-HRM-** Transformational e-HRM, the third area, concerns HRM activities with a strategic character. Here we are talking about activities regarding organizational change processes, strategic re-orientation, strategic competence management, and strategic knowledge management. In terms of transformational e-HRM, it is possible to create a change-ready workforce through an integrated set of web-based tools that enables the workforce to develop in line with the company's strategic choices.

## **2.7 E-HRM Applications**

E-HRM applications are wide in range and they provide a variety of automated HR activities that enhance the HR function with flexibility and ease of use. Usefulness is defined by Davis et al (1997) as a specific application system that will increase his or her job performance within an organizational context. This means in order for the e-ERM system to be perceived by users as useful, positive impact on the organizational performance of an employee must be observed during or after the use of the e-HRM applications

The diagram below shows the various e-HR applications used by HR professionals in their day-to-day activities. These software tools enhance the output of an

organization by making it more committed to the goals stated in the mission and vision statements. This results in increased job satisfaction and reduced work stress levels, etc. Overall it leads to increased HRM effectiveness.

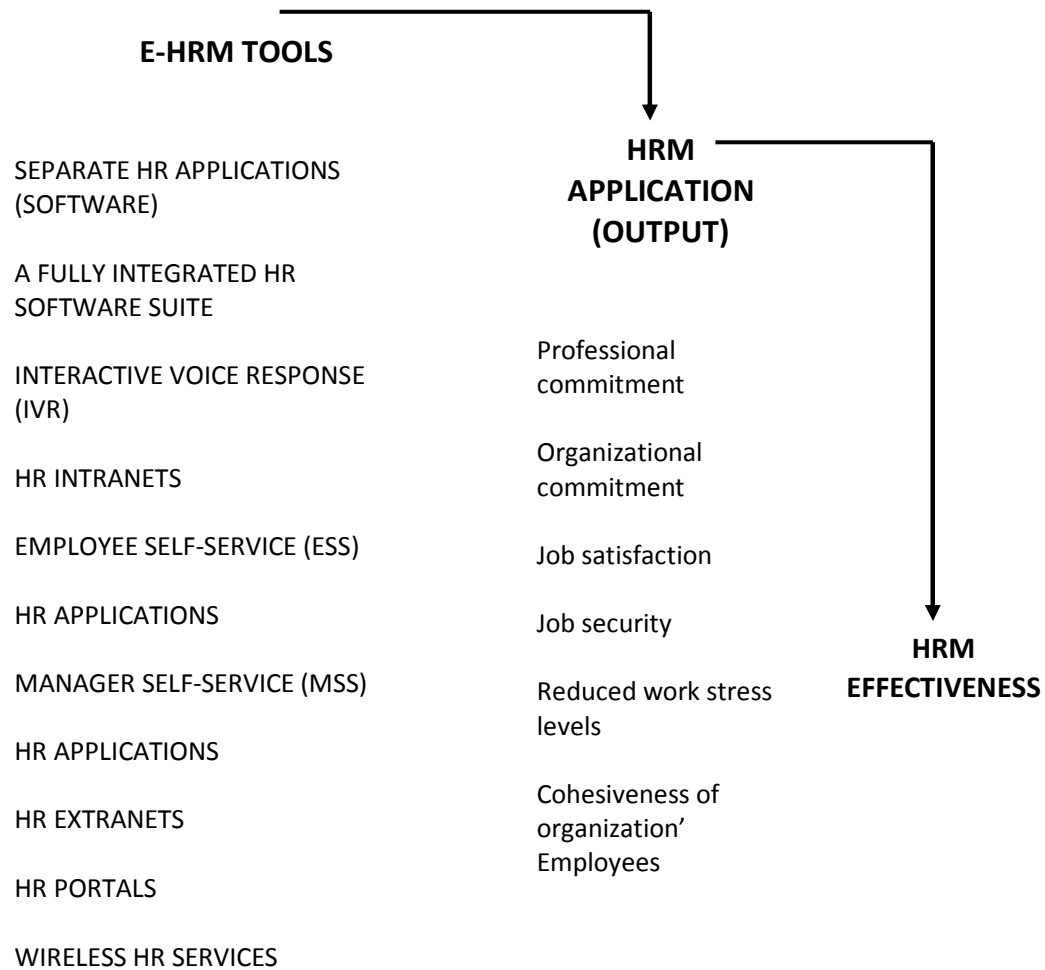


Figure 2.4: HR effectiveness. Reprinted from “Designing a Model for Evaluating the Effectiveness of E-HRM (Case Study: Iranian organizations),” by Sanayei, A and Mirzaei, A ,2008, *Department of Administrative Sciences & Economics Department of Management University of Isfahan, University of Isfahan, I. R. of Iran.*

E-HRM applications could be perceived by employees as “easy to use” if it doesn’t require effort to be operated. So E-HRM applications are the software programs that offer a useful and easy-to-use electronic medium through which the e-HRM goals are accomplished by performing different types of human resource activities to yield the desired outcomes and benefits

## **2.8 Types of e-HRM applications**

Types of e-HR applications are identified by Florkowski and Olivas-Lujan (2006). These can be seen as those that target either the line or the staff authority.

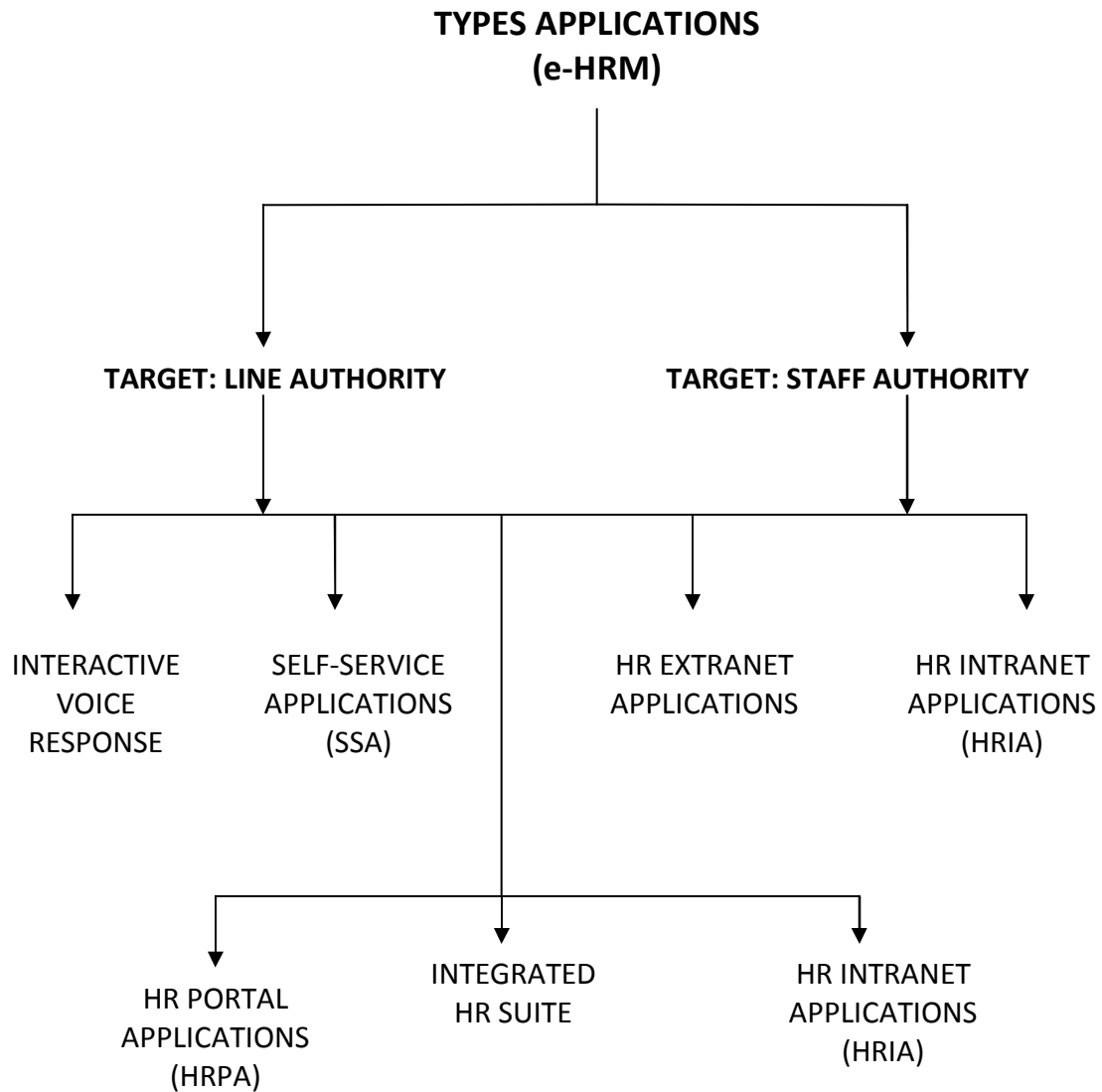


Figure 2.5: Types Applications (e-HRM)

The table below shows the details:

Table: 2.2: Application detail

| Name                                     | Task  |
|--|---|
| Interactive Voice Response (IVR) systems | Ability to set up or change payroll<br>Edit addresses for benefits and payroll records<br>Check job opportunities   |
| Self-service applications (SSA)          | Update and use employee-specific information, online via a browser.   |
| HR extranet applications (HREA)          | Personalized to an individual's role, experience, work content, language, and information needs.  |
| HR portal applications (HRPA)            | Promotion agent for training providers.<br>Online services to identify suitable training, register, negotiate, process and confirm sales of training services |
| Integrated HR suite applications (ISA)   | Manage benefits plans triggered via a web-based interface   |
| HR intranet applications (HRIA)          | Monitoring workforce demographics in line with recruitment and retention objectives.  |
| HR functional apps (HRFA)                | Monitoring workforce demographics in line with recruitment and retention objectives.  |



## 2.9 E-HR outcomes

We assume, based upon Beer et al.'s (1984) ideas about the expected results or an outcome of HRM, that e-HRM also aims to achieve a certain set of outcomes. There is a danger of confusing these with the e-HRM goals distinguished earlier but there is a clear difference. As stated earlier, e-HRM is a way of carrying out HRM; it is a way of thinking about and implementing HRM strategies, policies, and practices. By following a specific e-HRM direction, an organization expects to achieve certain goals.

Beer et al. (1984) distinguish four possibilities:



Figure 2.6: E-HRM goals.

**i) High commitment-** By high commitment is meant that the workforce is motivated and understanding, and that they are willing to interact with the management about changes in the organizational environment and the impact that this can have on the internal organization. For HR itself, this means that it should be able to play the role of change agent.

**ii) High competence-** High competence points towards the capacities of employees to learn new tasks and roles if the circumstances require it.

**iii) Cost effectiveness-** Cost effectiveness refers to the competitiveness of pay levels and employee turnover rate, and to the acceptability of costs resulting from employee resistance such as strikes.

**iv) Higher congruence-** Finally, higher congruence refers to the internal organization, the reward system, and the 'input, throughput, and output' of personnel, which need to be structured in the interests of all stakeholders.

Depending upon the way in which individuals and parties want to be affected by e-HRM, in line with the defined goals, outcomes will to some extent emerge. These outcomes, in turn, may change the state of HRM in an organization, or through individuals and/or groups within an organization actually result in a new HRM state.

This closes the circle with the addition of the e-HRM outcomes; the building blocks have been identified that are needed to finalize our e-HRM model taking into account the preconditions as described. After having modeled e-HRM, there is another question for us to answer: what are the consequences of e-HRM for the HR department itself? The next section deals with this question.

## 2.10 Benefits of e-HR

The benefits of e-HR can be grouped as:

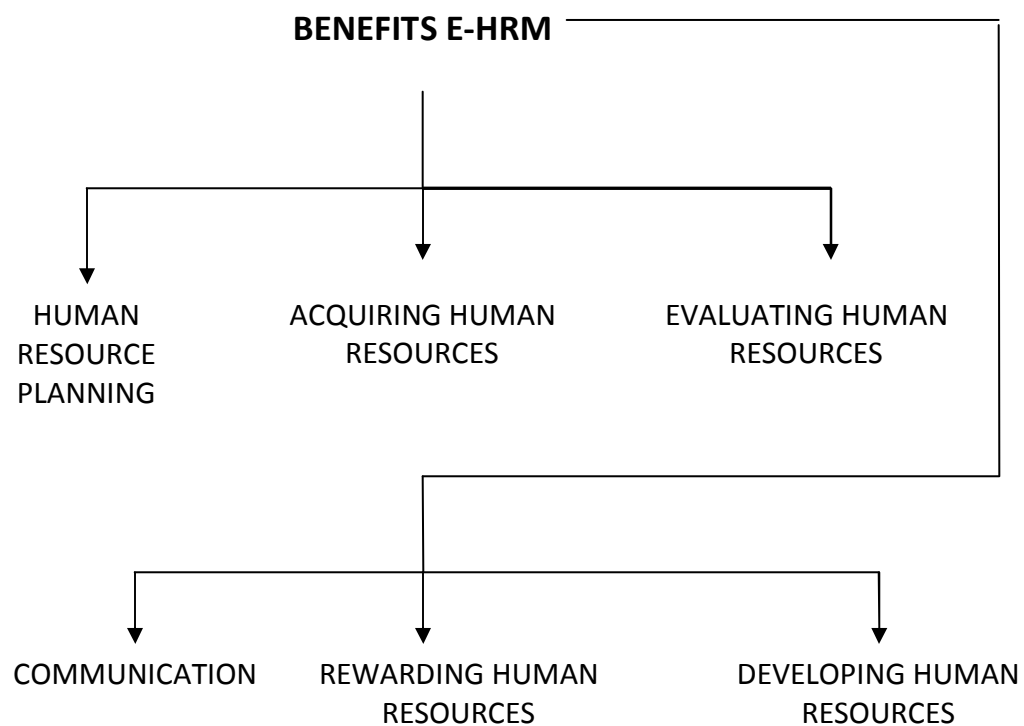


Figure 2.7: Benefits e-HR

**Human resource planning:** In relation to HR planning, e-HR, particularly through the functions of employee and manager self-service applications, has brought substantial progress in terms of employee data updates, personnel changes and job requisitions. This means that, since employees are given the opportunity to update their personal data, the HR record-keeping gains higher accuracy and data quality (Adamson & Zampetti, 2001). The same goes for personnel changes and job requisitions that are submitted by managers to the HR through manager self-service applications.

**Acquiring human resources:** The practice of online recruitment is one of the most widely discussed functions of e-HR. Online recruitment refers to posting vacancies on the corporate web site or on an online recruitment vendor's website, and allowing applicants to send their resumes electronically via e-mail or in some electronic format (Galanaki, 2002). It also includes the active search of the internet and the location of resumes.

This possibility of online recruitment has been much debated as a unique way to recruit passive job seekers. Furthermore, online recruitment brings substantial benefits in terms of cost, time, candidate pool and quality of response. However, there is always the danger of resume overload, as well as low reputation and effectiveness of various web sites and databases, not to mention its questionable effectiveness for senior executive positions (Ensher et al., 2002).

The use of technology can also improve the sorting and contacting of candidates. The internet can ease the selection of employees, especially where long distances are involved. Video conferencing and online tests, for example, have been extensively used at the early stages of the selection process and can achieve spectacular cost and time savings.

**Evaluating human resources:** E-HR allows the whole performance appraisal (PA) to be conducted on-line, on the corporate internet interface. This means that the manager and the employee are able to submit performance data directly to the HR department in electronic form. This practice, though criticized for the lack of written evidence, reduces paperwork and if read receipts for both supervisor and supervised are used, it can impressively decrease time and cost for the HR department.

The self-service application allows managers to immediately enter PA (Performance Appraisal) results and employees to manage their performance goals and results and plan their performance on their personal HR page. It can also provide managers with information on how to conduct a PA, the specific criteria and measurements of given positions and roles as well as examples and models of effective appraisals (Adamson & Zampetti, 2001).

**Communication:** The benefits of e-HR use in terms of communication are substantial. In its simplest form, e-HR includes the use of electronic mail for communication with the employee. The penetration rate of computer-mediated communication, mainly e-mail, is higher than 75 percent in corporate environments and e-mail has emerged as the communication medium of choice (Bontis et al., 2003).

Intranet and e-forums have also altered corporate communication, allowing easy access to all kinds of information that management wants to transmit to employees and also easing upward communication.

**Rewarding human resources:** Employee self-service allows employees to submit electronically their preferences in terms of benefit selection, reducing the burden for the HR department. Experience has shown that after the implementation of a self-service employee benefits system, employees may still be calling with benefit questions, confused about their choices and unable to grasp a broader rewards perspective (Dietch, 2001).

However, it is believed that web-delivered employee benefits, if properly implemented, entail considerable economies for the HR department. Moreover, manager self-service allows the manager to take on or confirm salary actions, salary changes, bonuses and stock management. The application usually notifies

managers on the choice they need to make or verify about rewards of their subordinates and asks them to insert their decision.

**Developing Human Resources:** Using the internet in training and development is one of the mostly discussed aspects of e-HR and probably the one with the most potential in terms of cost benefits. The internet can be used in training needs assessment, in pure e-learning activity and in career management.

The e-mail and electronic forms on the intranet of the company or a restricted web site are used to gather information on training needs assessment, inducing benefits in terms of less paperwork, lower administration cost, shorter distribution and response time, and higher response rate (McClelland, 1994). Their only disadvantage is the perceived loss of confidentiality or anonymity of response. E-learning includes any learning activity supported by information and communication technologies.

It can take the form of either local intranet provision, delivered over a network of interconnected computers, or of full access to internet and the World Wide Web, drawing upon a full range of multimedia, links to other sites and resources, downloadable streaming videos and communication systems (Sambrook, 2003).

E-learning can offer a solution to training in remote or disadvantaged locations (Hirschman, 2001), as well as tailor-made learning that fits the particular needs of the learner (Mumford, 2003), but it can also create barriers to learning, due to lack of hardware, fear of technology and learner isolation (Sambrook, 2003).

### **2.11 Consequences of e-HRM for the HR department**

The literature seems to be clear: e-HRM will not leave HR departments 'untouched'. Less administrative tasks for the HR department and therefore less administrative positions, more focus on the strategic goals of the organization and therefore an HRM staff consisting mainly of 'thinkers'; this is, in essence, what HR departments can expect or are already facing and experiencing. Let us look more closely at some relevant sources.

Kavanagh et al. (1990) actually gave a good 'push' when they wrote about the consequences of HR information systems (which we distinguish from e-HRM) for HRM professionals:

"Today and in the future, however, the successful HR professional must be part HR generalist, part HR functional specialist, part consultant, part business manager, and must understand and be comfortable using information systems".

More specifically, they state that HR departments will be more involved in strategic planning processes if they are able to provide adequate, accurate and fast information through the use of information technology. A change for HR



departments, related to this, is that with an appropriate use of information technology they can improve their client focus:

“...the HR group will focus on providing services to employees, line managers, and senior management, often by serving as an internal consultant. This will better enable the HR function to truly support the business”.

Rampton et al (1997) also think that by the use of IT for HRM purposes there will be more time left for strategic decision-making. Fewer administrative tasks and a decrease in HR related questions from employees and line management. According to Trapp (2000) the HR function in the future will be the prime target for outsourcing.

From our definition of, and approach to, e-HRM the following can be concluded about the consequences of e-HRM for the HR department. It can be assumed that E-HRM will play an active role for line management and employees in implementing HRM strategies, policies, and practices.

In terms of the more operational and information processing work, such as administration, registration and information distribution, there will be less demand for HR people. This seems most logical for organizations with an operational e-HRM approach.

However, also with a relational e-HRM approach dominating, a smaller HR staff will be necessary if line management and employees pick up and use the HRM instruments provided by the HR intranet. There will still be HR experience necessary for the renewal of instruments and to prepare them for easy intranet-based use.

Finally, with a more transformational e-HRM approach, strategic HRM expertise will be necessary in order to formulate adequate strategic HRM plans.

## **2.12 Critical Success Factors for e-HRM**

The implementation and development of e-HR doesn't require a set of critical success factors or approaches different than those constituted by Enterprise Resource Planning (ERP) projects or large enterprise portal projects, as e-HRM is considered a part of ERP implementation itself (Tanya et al, 2009).

These approaches are narrowed down to one shown in the table below;

Table 2.3: Critical Success Factors. Reprinted from “Handbook of Research on E-Transformation and Human Resources Management Technologies: Organizational Outcomes and Challenges” by Tanya,B., Huub, R., Karine, G.J., and Ewan,O.,2009, *Information Science Reference*.

| TYPE          | LEE & LEE<br>(2007) | NAH ET AL<br>(2001) | AL-SEHALI<br>(2006) | REMUS (2007) |
|---------------|---------------------|---------------------|---------------------|--------------|
| USER          | x                   |                     | x                   | x            |
| INVOLVEMENT   |                     |                     |                     |              |
| BUSINESS      | x                   | x                   |                     | x            |
| PROCESS       |                     |                     |                     |              |
| REENGINEERING |                     |                     |                     |              |
| PLANNING &    | x                   | x                   | x                   | x            |
| STRATEGY      |                     |                     |                     |              |
| TRAINING &    | x                   |                     | x                   | x            |
| EDUCATION     |                     |                     |                     |              |
| CHANGE        |                     | x                   | x                   | x            |
| MANAGEMENT    |                     |                     |                     |              |
| TOP           |                     | x                   |                     | x            |
| MANAGEMENT    |                     |                     |                     |              |
| SUPPORT       |                     |                     |                     |              |
| EFFECTIVE     |                     | x                   |                     | x            |
| COMMUNICATION |                     |                     |                     |              |
| PROJECT       |                     | x                   |                     | x            |
| MANAGEMENT    |                     |                     |                     |              |

**User Involvement:** User involvement in the early stages of the implementation and development phases of the e-HRM system allows users to make adjustments to the system to satisfy their needs. Consequently organizational resistance to the new changes implied by the use of the e-HRM application is minimized and customer satisfaction is increased (Lee & Lee, 2007).

**Business Process Reengineering:** When a company implements a new e-HRM system, some of the HR processes must be reengineered in order for the e-HRM system to be more effective i.e., the inevitable alignment of processes and activities with the new systems requirements (Remus, 2007); (Bingi et al, 1999). Such reengineering mechanism is applied when transforming HR manual processes to paperless forms. Reengineering should begin before choosing the software system to make sure changes are accepted by the stakeholders and the process can actually be aligned with the new system (Nah et al, 2001).

**Planning and Vision:** For e-HRM implementation to be successful, a plan must be agreed upon by the project manager or the responsible parties to follow during the project life cycle. The plan will guarantee the alignment of the e-HRM goals and strategy with the HR and corporate strategies to ensure maximum effectiveness, integration and alignment. Lee and Lee (2007) insist that good planning consumes a considerable amount of time prior to implementation.

**Training and Education:** Since the e-HRM system offers new methods of processing transformed or new HR activities, proper training must be given to all users of the system. This becomes crucial since the new interface provides functionality that has been never been used before and needs to be related to the newly reengineered business processes (Remus, 2007). Education is the catalyst that brings the knowledge of the users up to the point where they can familiarize themselves with the new e-HRM system quickly and sufficiently.

**Change Management:** Managing change within the organization could be a full time job by itself as it requires the management of people and their expectations, resistance to change confusion redundancies and errors (Remus, 2007). For the e-HRM to be successfully implemented, the organization should realize the impact of this new change on employees, managers, and HR staff and understand its dimensions in order to manage the effects with a corporate strategy that is open to change.

Furthermore, emphasis on quality, computing ability and willingness to accept the new technology would positively assist the implementation effort (Nah et al, 2001). Training and education is a critical step in managing change itself, as employees must be educated about the new system to understand how it changes business processes (Nah et al, 2001).

**Top Management Support:** One of the most critical success factors for implanting an ERP system is the support and involvement of top managers in the project during its life cycle (Al-Sehali, 2000). In order for e-HRM implementation to be successful, top managers have to approve and continuously support the responsible parties during the implementation stage to make sure no obstacles prevent or delay the progress.

Also an executive sponsor should be appointed to coordinate, communicate, and integrate all aspects of the project between the development team and top management (Remus, 2007). The executive sponsor should communicate, integrate and approve the shared vision of the organization and the responsibilities and a structure of the new e-HRM system (Nah et al, 2001)

**Effective communication:** Interdepartmental communication as well as communication with customers and business partners is a key element in the success of implementing the system (Remus, 2007). Communication helps employees and involved parties better understand the new e-HRM system to keep up with the development and implementation stages of the project. Employees should also be informed in advance the scope, objectives, activated, and updated implemented by the new system in order to meet their expectations (Nah et al, 2001)

**Project Management:** Managing the implementing and development of e-HRM system is a crucial step towards successful results. The scope of the project must be clearly defined including aspects such as the amount of systems implemented, involvement of business process reengineering needed (Nah et al, 2001). A company must assign a project manager to lead the project of developing and implementing an e-HRM system professionally according to profound business rules. The project itself must have clearly defined business and technical objectives and goals corresponding to the project deliverables (Remus, 2007).

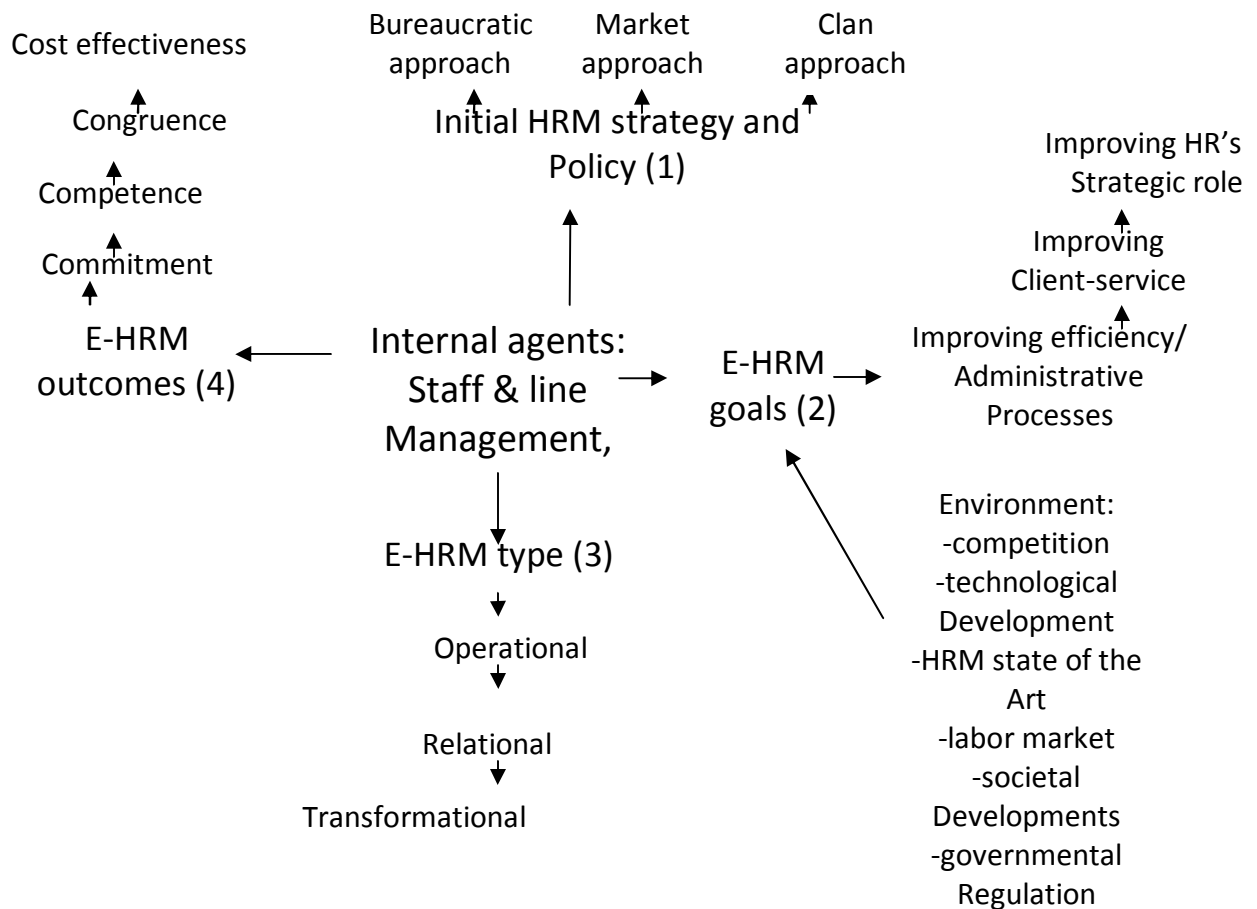


Figure 2.8.: The e-HRM model. Reprinted from “e-HRM: Innovation or Irritation? An explorative empirical study in five large companies on web-based Human Resource Management” by Tanya. B, J.K, Looise & Lempsink, B. (2009), *Framing the implementation of HRM innovation: HR professionals’ vs. line managers in a construction company*.

## 2.13 SUMMARY

The chapter two has in elaborated the definition of e-HRM, types, Goals, applications, critical Success factors, and research models for e-HRM. This project shall serve as beacon to companies who would want to undertake research in e-HRM.



In Chapter three, discussions are on the method and measurements used in the research. The development of the questionnaire is discussed along with data collection techniques.

## **CHAPTER 3**

### **METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter discusses the sources of data and the structure of questions. Then we discuss the population and sampling in which there is discussion on the number of respondents involved and the history of the company. The design of questionnaire is presented along with the unit of analysis. Some discussion on the data collection and administration is presented as to how the data was collected.

#### **3.1. Sources of Data**

Two types of data are involved in this study: Primary Data and Secondary data.

The Primary Data concerns the structured interviews using set of open-ended questionnaires while the sources of secondary data are collected from various reviews such as journals, books and articles.

#### **3.2 Population and Sampling.**

The research is carried out at the State Bank of Pakistan's Human Resource Division. This research is done at the HRD department of the State Bank of Pakistan and is based in the cities of Karachi and Hyderabad. It has a total of 51 employees. Out of these, only 3 were chosen that included the senior personal from the department so as to get a clear view of e-HR implementation. To put

more light on the population and sampling, the history of SBP along with reasons for choosing the Bank is presented herewith.

The Bank was founded in 1948 with the headquarters' in Karachi, which is known as the financial capital of Pakistan. The State Bank of Pakistan performs both the traditional and developmental functions to achieve macroeconomic goals. The traditional functions include: Issuance of notes, regulation and supervision of the financial system, bankers' bank, lender of the last resort, banker to Government, and conduct of monetary policy. The secondary functions include the agency functions like management of public debt, management of foreign exchange, etc.

The non-traditional or promotional functions, performed by the State Bank include development of financial framework, institutionalization of savings and investment, provision of training facilities to bankers, and provision of credit to priority sectors. The State Bank also has been playing an active part in the process of islamization of the banking system.

A case study is chosen for this research. A case study has five main components: Research questions, Theoretical propositions, Units of analysis, the logic linking data to these theoretical propositions, and the criteria for evaluating these propositions. By including these five components, case study will hopefully be seen as "proper".

With regard to the first component; our study's central research question has been presented in Section One. Section Two "focused the lens" to be applied in this study, and therefore the second component has also been properly addressed. The third component, determining the unit of analysis, needs further explanation. The unit of analysis should reflect the phenomenon that is to be studied. The danger with case study research is the isolation of the phenomenon from its broader context. Obvious solutions are not readily available, so it is important to be as explicit as possible when defining the unit of analysis.

The unit of analysis chosen for study is *the organization*. The fourth component, the logic linking data to the theoretical propositions, concerns a study's specific techniques. In other words: how does a researcher collect the data appropriate for finding answers to the research questions or testing the theoretical propositions?

### **3.3 Unit of Analysis**

The unit analysis for this study was the organization. Therefore, researcher looked at the data which was gathered individually from the randomly selected employees through the survey being conducted.

### 3.4 Questionnaire Design

An open-ended questionnaire was developed to gather information about E-HR practices in the organization. The questionnaire consisted of 14 questions. Each section of the questionnaires has its own instruction. Section A consists of questions on respondents' demographic information. Section B consists of questions on the E-HR process. The full set of the questionnaire is provided in Appendix A. The detail of the arrangement is shown in Table 3.1

Table 3.1: The Description of Questionnaire's Section

| Questionnaire<br>section | Description   |
|--------------------------|---|
| Section A                | This section contains five questions regarding the respondents demographic profile such as gender, age, education level, of length employment, job category |
| Section B                | This section consisted of 14 questions on E-HR  |

### **3.5 VARIABLES AND MEASURES**

In conducting this research, open-ended questionnaires were designed to gather relevant information about the E-HR practices. For the purpose of this research, case-study approach is used.

Table 3.2: Interview Questions

| ELEMENTS                                   | QUESTIONS   |
|--|---|
| <p>General HRM</p> <p>questions</p>        | <p>Number of people in the HR department.</p> <p>HRM strategy.</p> <p>Main HRM problems.</p> <p>Major HRM challenges.</p>   |
| <p>E-HR tools used</p>                     | <p>What e-HR systems do you use?</p> <p>Areas of e-HR use.</p> <p>Frequency of use.</p> <p>Reasons for e-HR adoption.</p>   |
| <p>Employees'</p> <p>reactions to e-HR</p> | <p>What was the adoption process?</p> <p>What were the employees' reactions to e-HR?</p> <p>Factors enabling acceptance of e-HR.</p> <p>Satisfaction from e-HR.</p> |
| <p>Effect of e-HR on</p> <p>HRM</p>        | <p>Effect of e-HR on the role of the HR department.</p> <p>Major challenges regarding e-HR adoption.</p>  |

### **3.6 DATA COLLECTION AND ADMINISTRATION**

Nowadays, there are various types of data collection techniques available to be utilized. Miles and Huberman (1994) suggest that there are four steps to data analysis, namely data collection, data reduction, data display and conclusion drawing and verification. According to Sekaran (1992) the choice of data collection methods depends on the facilities available, the degree of accuracy required, the expertise of the researcher, the time span of the study, and other costs and resources associated with and available for data gathering. For the purpose of this study, researcher has used open-ended interview questionnaires as the primary data collection method.

The researcher has made the arrangements for the interview session with the selected interviewees. Researcher has estimated that the time taken by each interview session has about fifty minutes. The researcher has completed the interview within one month.

### **3.7 DATA ANALYSIS**

The method employed on the data collected was to examine the responses of each question in the questionnaire. First, the statements from each interviewee's answer to each question were listed in summarized form before being combined for further analysis



### **3.8 CONCLUSION**

This chapter discussed the research method proposed for this research. The discussion presented includes research design, questionnaire design, measurement, data collections and administration and data analysis techniques.

Chapter 4 has the discussion to the research. The fourteen questions along with responses, findings are presented.

## **CHAPTER 4**

### **DATA ANALYSIS AND RESULT**

#### **4.0 INTRODUCTION**

This chapter highlights and discusses the results and findings of the interview responses collected from the respondents. The discussion on these findings will then establish the base towards achieving objectives outlined in chapter 1.

This chapter includes the data collection overview, respondent profile, question analysis, finding summary, and conclusion.

#### **4.1 PROFILE OF RESPONDENTS**

Demographic profile detail is summarized:

Table 4.1: Demographic profile detail

| Profile             | Frequency | %    |
|---------------------|-----------|------|
| Gender              |           |      |
| Male                | 3         | 100  |
| Female              | 0         | 0    |
| Total               | 3         | 100  |
| Age                 |           |      |
| Below 29 Y          | 1         | 0    |
| 30-39 Y             | 0         | 0    |
| Above 40 Y          | 3         | 100  |
| Total               | 3         | 100  |
| Level of Education  |           |      |
| Master              | 3         | 100  |
| Bachelor            | 0         | 0    |
| Total               | 3         | 100  |
| Employment duration |           |      |
| 10 Y or Above       | 3         | 66.6 |
| 10 Y - 5 Y          | 0         | 0    |
| Below 5Y            | 1         | 33.3 |
| Total               | 3         | 100  |
| Category Job        |           |      |
| White color         | 03        | 100  |
| Total               | 03        | 100  |

### **Gender of respondents**

The table 4.1 shows the demographic profile. All of the respondents are males.

### **Age of respondents**

The director of Human Resource at the State Bank of Pakistan is 47 yrs, the “officer” at the HRD dept. is 48 yrs while the IT support officer is 27.

### **Level respondents Education**

The director of Human Resource at the State Bank of Pakistan is MBA, LLB whereas the “officer” has an MBA with MSc. The IT support officer is a post-graduate.

### **Employment period**

The director of Human Resource at the State Bank of Pakistan has a total of 20 yrs experience, the “officer” has 27 whereas the IT support officer has 3 yrs experience.

### **Category Job**

The respondent # 01 is the director of Human Resource at the State Bank, respondent #:2 is an “Officer” at the Bank while our third and final respondent is a IT support officer at the above mentioned Bank.

## **4.2 Analysis of Questions**

The questions below show the relationship to the e-HRM. We want to know how the questions relate to e-HRM adoption and the future of e-HRM in Pakistan.

### **Question 1 -Number of people in the HR department?**

There are a total of 45-50 people in the HR department. It shows that though the Bank is huge and playing a pivotal role the strength could have been higher.

### **Question 2 -HRM strategy?**

The HRM strategy is to be the “Employer of choice”. This means that the bank lays emphasis on developing employee’s abilities to the fullest. It wants to be recognized as the No.1 choice for people looking for employment.

### **Question 3 -Main HRM problems?**

According to the respondents there are many HR problems like “data satisfaction”, “counting (of) particulars”, and “verifications”. It shows that the main area where HR problems seem to be coming is the administrative side.

### **Question 4 -Major HRM challenges?**

One respondent said that the main challenge is employee engagement while other says that more means for “data abstraction” are needed. The company

needs team work on its ranks with decision making done all across the board; while at the same time more IT systems should be placed for integrating the data.

**Question 5-What e-HR systems do you use?**

Though the respondents did not answer this question but from the analysis of the next questions we can get an idea.

The systems used are mainly of the Relational e-HRM with recruitment and talent management. It shows that the company needs to move its HR dept. to Transformational e-HRM with more emphasis on strategy making and freeing time from administrative chores.

**Questions 6-Areas of e-HR use?**

The systems used are mainly for recruitment, talent management and the administrative tasks. The company has an elaborate e-Recruitment infrastructure considering the size of the company. Thousands of CV's are received each time it wants to hire employees.

**Question 7- Frequency of use?**

Usage of e-HR according to the respondents is on daily basis. The systems have become part and parcel of the Bank and it would be impossible to go about business without them.

**Question 8 - Reasons for e-HR adoption?**

As said by the respondents, the reasons for e-HRM adoption are to be more efficient and effective. At the same time they want to reduce time by going online. This is no surprise as most companies who are competing in a global arena are actually getting better through streamlining their processes so as to make them in line with the strategy, goals of the organization.

**Question 9- What was the adoption process?**

Awareness of computers was the No.1 concern when it came to adopting e-HRM in the Bank. The employees had to be taught the process through which they could transform data (raw) into a meaningful lot. To analyze complex data structures and then make decision on a routine to make it aligned with the company policies.

**Question 10 -What were the employees' reactions to e-HR?**

The reaction to the e-HRM linkage according to the respondents was a blessing in disguise for the employees. They had their PC and could now become hooked on to the outside world. They were eager to learn skills to enhance their abilities and make a living out of e-HR.

**Question 11** -Factors enabling acceptance of e-HR?

The speed at which the employees could now process data i.e. compensation, recruitment etc has come down and the staff can now do an assignment in less than half the time as it took before implementing e-HRM tools.

**Question 12** -Satisfaction from e-HR.

The respondents view is that the employees at the State Bank are well satisfied with the status quo. And are moving ahead at all cylinders to make a better livelihood through the continuous usage of e-HRM. The systems are there to stay and will move to more enhanced gadgets that will determine the success of the Bank

**Question 13**- Effect of e-HR on the role of the HR department.

The HRM dept and the Bank in turn has become a haven for working transactions related to compensation, recruitment, selection etc. People are enjoying the transactions from manual cumbersome tasks to more advanced IT related tools that are shaping the destiny of the staff.

**Question 14**- Major challenges regarding e-HR adoption.

The respondents skipped the question but one gets the picture that by implementing the e-HRM framework into the very fabric of the Bank the company



wants to reduce downtime. The major challenge thus is to make further improvements in the system so as to make in-tune with the outside world

#### **4.4 CONCLUSION**

This chapter discussed the data gathered from the respondents at the Bank. Detail analysis was done on the fourteen questions asked. The data was organized in table form and the subsequent questions were interpreted so as to shed light on the process of e-HRM in the Bank. The next chapter presents us with the two research questions outlined in chapter 1.

## **CHAPTER 5**

### **DISCUSSION AND CONCLUSION**

#### **5.0 INTRODUCTION**

This chapter discusses the findings of the research based on the questions developed in Chapter 1 as well as literature reviewed in Chapter 2. The chapter ends with some limitations of the study and detailed recommendations for future growth of e-HRM.

#### **5.1 DISCUSSION ON FINDINGS**

The findings of study are discussed on the questions presented in chapter 1 (as above) as well as the literature reviews. These questions are as under:

##### **5.2 Why are HR professionals adopting e-HR practices?**

The research shows that as the latest advanced technologies offer the potential to streamline many HR functions. The Bank is increasingly utilizing information technology to design and deliver their HR practices. This statement is made after looking into the findings given by research questions where the Bank has become relatively high-tech as compared to a decade ago.

This trend is not surprising given the substantial benefits that can emerge from integrating information technology into the HR function. In addition to costs, many

organizations are utilizing e-HR systems in an effort to enhance the efficiency and effectiveness of the HR function.

With the growth of information technology, much of the administrative aspects of human resource management can be accomplished through technology solutions hosted by the company or outsourced (Lawler & Mohrman, 2003). As technology frees up HR from some of its routine tasks, there is a greater opportunity for HR professionals to become a strategic partner (Ulrich, 1997). This means moving beyond administrative expertise and becoming an expert in areas such as strategic business partnership, change management, and employee advocacy (Ulrich, 1997). Although this transformation has been gradual, there is evidence that the roles and responsibilities of HR professionals are evolving (Lawler & Mohrman, 2003). An important implication of this transformation is that it may change the competencies that HR professionals must master in order to be successful. Baill (1999), for example, has suggested that “traditional” HR competencies have not gone away, but rather must be supplemented with additional skills, such as a better understanding of the business. Brockbank (1999) also notes that over the past decade HR professionals have needed to be more knowledgeable about financial management and external competitive and customer demands.

In the current project, we use data collected through interviews with senior HR professionals at the State Bank in showing us the linkage between e-HR and the

reshaping of professional competence in HRM. As noted earlier, information technology has been identified as an impetus of HR's transition to becoming a strategic business partner (e.g., Lawler & Mohrman, 2003). In this study, we extend this work one step further and explore the role of information technology in shaping the competency requirements of HR professionals.

The survey is used to extract key trends in the changing nature of HR competence, and excerpts from the interviews are used to provide a deeper examination of these trends. The paper is a discussion of the practical implications of these findings, focusing special attention on identifying strategies that can be used to develop the competencies that HR professionals need to be successful in an e-HR environment. In addition, we discuss the boundary conditions of our findings and highlight future research avenues.

### **5.3 What are the critical success factors?**

HR executives at the State Bank are looking to technology and the information it provides to help them drive decisions that will lead to success of the organization as a whole. This was stated by Wilcox (1997). Snell, Stucber, and Lepak (2002) observe that HR can meet the challenge of simultaneously becoming more strategic, flexible, cost-efficient, and customer-orientated by leveraging information technology (IT). They point out that IT has the potential to lower administrative costs, increase productivity, speed response times, improve

decision-making, and enhance customer service all at the same time. The need for cost reduction, higher quality services, and cultural change are three main forces that drive firms to seek IT-driven HR solutions. The rapid development of the Internet during the last decade has boosted the implementation and application of electronic human resource management (e-HRM). The same is true about the Bank which is trying to make its operations more efficient, effective and online

IT is beginning to enable organizations to deliver state-of-the-art HR services. Many experts forecast that the PC will become the central tool for all HR professionals (Kovach & Catheart, 1999).

Advances in IT hold the promise of meeting many of the challenges of the HRM area in the future such as attracting, retaining and motivating employees, meeting the demands for a more strategic HR function and managing the “human element” of technological change (Ashbaugh & Miranda, 2002).

Over the past 5 years the use of technology in human resources increased dramatically in Pakistan and in now-a-days many personnel-related decisions such as collecting job information, recruitment, employee selection, training, and performance management is done on-line (Chapman & Webster, 2003). HRM could support technological innovation to achieve high performance in Pakistan while technology innovation could serve as an approach to enable HR function to

focus more on value-added activities in order to realize the full potential of technology and organizational strategy. The biggest benefit to organizations of using IT in HRM is the freeing of HR staff from intermediary roles so that they can concentrate on strategic planning in human resource organization and development (Pinsonneault & Kraemer,1993).

According to the authors opinion e-business, the implications for the HR function are not yet fully visible in Pakistan, but it is certain that e-HR will revolutionize the HR function within next years (*inshallah*). The main challenge in e-HR is the alignment of processes in the HR function according to the future e-business challenge (Svoboda & Schroder, 2001).IT can automate other routine tasks such as payroll processing, benefits administration and transactional activities so that HR professionals are free to focus on more strategic matters, such as boosting productivity.

In particular, there are three areas of new developments, which need more empirical research and applications: the information technology innovation and e-HR development approaches, the globally distributed technical and international entrepreneurship, the professional service, and customer relations management modeling (Wang, 2005).

E-HRM is an innovative, latest and significant development in HRM that results in new phenomenon and major changes. According to Strohmeier (2007), theoretical grounding is the central condition of nay progress in the field and according to him future research should explicitly address issues in a twofold manner: The general level (s) of organizational analysis should be coordinated with appropriate level (s) of technology so as to avoid any drawbacks of level unawareness. Using specific contexts consequences and configuration empirically studies should be conducted and studied.

E-HRM is a new and intriguing field of research at the intersection of human resource management and information systems

#### **5.4 LIMITATIONS OF THE STUDY**

The research has many limitations and constraints that have influenced the analysis of the report.

First of all a considerable time is spent on literature review in finding out the building blocks of the subject understudy and then looking towards new trends and practices that are shaping the field.

Secondly the research took place at a distance as no face-to-face discussion took place with the respondents.

Thirdly Pakistan is an underdeveloped country. The research gives us the true portrait of what developed countries were like 20 yrs ago when they were undergoing the IT process especially in the HR department.

## **5.5 RECOMMENDATIONS FOR FUTURE RESERCH**

The research should be carried out showing comparison between two or three countries. Like for example between Pakistan and Malaysia or among Pakistan, Malaysia and a more advanced country like USA. The research can also be carried out between different companies that in the process of implementing the e-HR process. This research can be conducted at Malaysia. Since e-HR is a new field for HR people more research needs to be done so as to make clear the scenario on the ground. At this point people still have confusion as to the nature of e-HR. They try to mix HRIS with e-HR. A thorough research that can differentiate between the two needs to take place.

There are a lot of software tools out there that are being used by the HR people. These tools need clarification as to their purpose and concerted effort should be made to develop new tools at the disposal of the HR department that could enhance the usefulness of the department.



## 5.6 CONCLUSION

Alongside the main findings, we observed a number of additional aspects. Firstly, e-HRM seems to be providing an important 'push' at the Bank: to put HR responsibility in the hands of the line manager. After years of 'preaching', an administrative component of HR is becoming a task for the line management. The introduction of e-HRM is accompanied by the decentralization of HR tasks and by the harmonization and standardization of HR processes.

Introducing e-HRM in the Bank is accompanied by a reduction in HR staff levels, especially in terms of administrative staff. If implemented well, it provides an opportunity for an HR department to get a clearer profile and a better image.

Turning to the employees, the introduction of e-HRM brings changes in the way they experience HRM in their company and in the HR tools and instruments they get offered. They acquire the opportunity to get updated in terms of organizational dynamics, take part in online discussions, and choose their career path. However, not all employees are willing to accept full responsibility for their personal career development through the available web-based HR tools. Some require their managers to come up with career development initiatives. For example, at the State Bank through availability of HR online tools, employees would become the initiators of their own career development direction. Further, although e-HRM creates new opportunities for line management and employees,

the organizational practice in using these opportunities can be limited because of a lack of time and the willingness to pick them up.

Guaranteeing the security and confidentiality of input data is an important issue for employees in order that they should feel 'safe' when using web-based HR tools. Information technology and the like have the image that they make it easy for one to be checked upon and observed by 'invisible third parties'. When implementing online HRM tools and asking employees and line managers to input personal data, the question arises as to who is authorized to look at the data and to use them? If employees do not feel comfortable about the confidentiality of certain types of data, they will be hesitant about inputting such data.

Further, a good e-HRM strategy (i.e. where are we heading, and how are we going to get there?) is important. Good and clear goals, and a good plan how to achieve them, cannot be avoided if one is to convince users of the usefulness of online HRM.

There is also a danger of information overkill through an HR intranet. Without a clear and easy structure, employees and line managers can be afraid of spending excessive time exploring web-based HR tools.

Final observation is that employees and line managers' mindsets need to be changed: they have to realize and accept the usefulness of web-based HR tools. They generally feel that they lack the time and space needed to work quietly and thoughtfully with web-based HR tools and so, if there is no real need, they will not do it.

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## APPENDICES