Reconceptualizing Organizational Capacity To Explain The Effect Of e-HRM On Service Quality, Cost Reduction And Lessened Administrative Burden: An Overview

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Abstract:
The act of using information and communication technology (ies) to deliver Human Resource Services has since become an important strategy for organizations (regardless of sector) aiming to have an edge over others. This paper attempted to demystify e-HRM by unraveling what actually is e-HRM, its purpose, categorizations, determinants, and expected benefits. It was discovered that e-HRM has been in existence and in common usage in virtually all the organizations in the developed nations of Europe and some parts of Asia; that it cuts organizational costs to an appreciative level and reduces administrative burden; and a great deal of improved client services are achieved.

Key words: Human Resource Management, e-HRM, Personnel Strategy, System Strategy and Organizational Strategy

1.Introduction

In the present era of globalization, competition and uncertainties, organizations are faced with multiple challenges thus, it has become very paramount to create competitive advantages to be to devise strategies suitable to improve their operational performances, service quality with less administrative cost (Jaramilo et al., 2005).

Regardless of whether organizations are in the private sector or in the public sector, there is a general accord that human resources are critical to keeping organizations effective as well as maintaining a high level of organizational performance. While a lot of efforts have been made to examine how electronic human resources management (e-HRM) influences organizational performance in the private sector, it is rare to find similar studies in the public sector.

In the past, organizations emphasized on financial performance but now, the introduction of information and communication technology in virtually all organizational activities has altered their competitive basis into the intangible assets and the leadership performance from previous tangible financial performance. Consequently, it should include non-financial indices such as service quality, less administrative cost and burden which can be used for an organization to efficiently appraise its operational performance and consolidate competitive advantages.

More so, the extent to which members of an organization contribute in harnessing the resources of the organization equally depends on how well the managers (leaders) of the organization understand and adopt appropriate technology in performing their roles as managers and leaders; in resource mobilization (human and material), allocation, utilization and enhancement of organizational performance. However, if an organization wants to improve the organizational performance, e-HRM will play a crucial role in its overall operational performance. When reviewing literature related to e-HRM and performance, the researchers found that only few discussed correlations amongst service quality, cost reduction and less administrative burden. It was also seldom considered that the e-HRM may be a key factor that influences smoothly progresses if appropriately implemented.

It is noteworthy here that e-HRM has been regarded as another important factor for an organization to gain competitive advantages and realize organizational targets since the emergence and prevalence of firm resource-based views (Barney, 2001). The triumph of several organizations perhaps results from the organizational capacity, sagacity and willpower, the technical eminence and innovation and the outstanding quality as well as the eminent reputation (Terpstra & Rozell, 1993).

On top of this, the study integrated the connection between e-HRM, service quality, cost reduction and lessened administrative burden together to carry out an in-depth discussion on their relationship, and the results were anticipated as a reference for

organizations to know more about the relationships among the variables. This study examined the relationship between   e-HRM, service quality and lessened administrative burden in public sector organizations.

2.Concept of e-HRM

Despite the fact that the concept of e-HRM is extensively used today, there is hardly any universality in definitions. It is often used synonymously with similar terms such as web-based Human Resources (Walker, 2001), Human Resource Information Systems (HRIS), Virtual Human Resource Management, Human Resource Intranet, Computer-based Human Resource management systems, and human resource portals (Ruël et al., 2004).

e-HRM is a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed HR portals. Support of and/or with the full use of web-technology-based channels (Ruël,H., Bondarouk, T. & Looise, J.K 2004).

Later, in 2009 Bondarouk and Ruël re- defined e-HRM as:

"An umbrella term covering all possible integration mechanisms and the contents between HRM and Information Technologies aiming at creating value within and across organizations for targeted employees and management" (Bondarouk & Ruël 2009).

This definition suggests the integration of four aspects (Bondarouk & Ruël 2009):

- Content of e-HRM: focus on the type of HRM practices and IT used, and the arithmetic between them
- Implementation of e-HRM: focus on the process of adoption and appropriation of   e-HRM by organizational members.
- Targeted employee and managers: focus on specific stakeholder groups. As the modern HRM organization goes way beyond both the HRM department, and even the whole organization, a new approach needs to focus on line-management and employees that are actively involved in using e-HRM applications.
- e-HRM consequence: a multi-level perspective viewing e-HRM value creation as 'subjectively realized by a target user who is the focus of value creation' (Lepak, Smith et al. 2007) p.182

3.Goals/objectives of e-HRM

The investments to implement e-HRM technologies are high. Organizations thus have reasons to implement these technologies (Maatman, 2006). The results of the SHRM (2005) HR Technology Survey Report (cited in Weatherly, 2005) show that on the average more than 50% of organizations of all sizes are using some form of HRM technology system in the United States. In a similar fashion, Lepak & Snell (1998) stated that HRM departments are forced to look for alternative paths for the delivery of HRM activities to meet the increasing demands placed on the HR departments, these demands, or pressures are:

- The increasingly strategic role of the HR departments
- The greater demand of flexibility
- The pressure to be as efficient as possible
- Maintain the role as a service provider to managers and employees.

On the other hand, to Ruël et al., (2004) the four types of goals for organizations making steps towards e-HRM are:

- Cost reduction / efficiency gains
- Client service improvement / facilitating management and employees
- Improving the strategic orientation of HRM
- Allowing integration of a dispersed HR function (of different organizational units or entire organizations).

 Beer et al. (1984) identified four objectives of e-HRM as follows:

- High commitment
- High competence
- Cost effectiveness
- Higher congruence

OBJECTIVES	DESCRIPTION
High commitment	High commitment is attained if the workforce is motivated and there is understanding, and that they are willing to interact with the management about changes in the organizational environment and the impact of those changes on the internal organization. For HRM itself, high commitment means that it should be able to play the role of a change agent.
High competence	High competence points towards the capacities of employees to learn new tasks and roles if the circumstances require it.
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
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.

Table 1: Objectives of e-HRM
Source: Beer et al. (1984)

4.Types of e-HRM

Initially, it was Lepak and Snell that distinguished three types of e-HRM in 1998 and later on other scholars added their own contributions and unanimously concur that e-HRM is divided into three different types.

Research by:	Approaches to e-HRM		
	Approach 1	Approach 2	Approach 3
Lepak & Snell (1998)	Operational	Relational	Transformational
Wright & Dyer (2000)	Transactional	Traditional	Transformational
Lengnick-Hall & Moritz (2003)	Publishing	Automation	Transformational
Bondarouk & Ruël (2006)	Operational	Relational	Transformational
Strohmeier (2007)	Operational	Relational	Transformational
Martin, Reddington & Alexander (2008)	Operational	Relational	Transformational

Table 2: Summary of researches' review of e-HRM approaches

As shown in table 2, Lepak and Snell (1998) were the first to have distinguished three areas of HRM as, Operational HRM, Relational HRM and Transformational HRM. Then Wright and Dyer (2000) also tell between three ways in which Human Resource Management is conducted: Transactional HRM, Traditional HRM, and Transformational HRM. Later Lengnick-Hall and Moritz (2003) also viewed e-HRM development slightly different by proposing that   it develops through three main waves within an organization. In their argument, the most simplistic form of e-HRM is all about publishing information followed by the next higher level of e-HRM which involves the automation of transactions, and finally the most complex level of e-HRM which concerns the transformation of how human resource management practices are conducted in an organization. Lastly, Bondarouk and Ruël (2006), Strohmeier (2007), and Martin, Reddington & Alexander (2008) established that the three types of e-HRM include Operational, Relational and Transformational even though Strohmeier (2007) referred to them as consequences.

- Operational e-HRM: This is concerned with administrative functions like payroll, employee personal data, etc.
- Relational e-HRM: This deals with supportive business process by the means of Training, Recruitment, Performance Management, and etc.
- Transformational e-HRM: this type is concerned with strategic HRM activities such as knowledge management, strategic re-orientation, and etc.

5.Benefits/Importance of e-HRM

The Kettley and Reilly report uses information from empirical research to divide the potential benefits of e-HRM into three areas, thus:

- Operational Efficiency: Reducing overhead costs, enhancing the accuracy of data, eliminating the costs and disseminating information, minimizing IT infrastructure costs by moving towards a common HRM service plat-form and enhancing the ability to distribute HRM information and services globally.
- Relational Impact: this on the other hand changes the nature of the relationship between HRM line managers and employees.
- Transformational Impact: Transform HRM's role into that of a strategic business partner, adding greater value by increasing HRM's influence as customer focused consultants, enabling new, flexible and responsive methods for delivering HRM services expanding HRM's reach as the experts of an organization's people processes and developers of value propositions for different employee groups.

6.The Effects of e-HRM on Organizational Cost Reduction/Efficiency, Service Quality and Lessened Administrative Burden

Here the researchers recognized the effects of e-HRM based on organizational cost reduction/efficiency, service quality and lessened administrative burden.

6.1.Organizational Cost Reduction/Efficiency

Organizational Cost reduction is often a reason for implementing e-HRM technologies. Different authors (Ruël et al. 2004, Watsonwyatt, 2006) have suggested that the implementation of e-HRM is driven by cost reduction goals of the HRM system. Through the implementation and subsequent use of employee and manager self-service applications, e-HRM has brought about considerable improvement in the updating of employee information, the posting of job specifications, changes in policy and procedure, training and staff changes. This type of employee and manager self-service leads to higher accuracy and data quality (Panayotopoulou et al., 2007). e-HRM is also used as a means to communicate by utilizing the medium of   e-mail (electronic mail) for communication purposes. Intranet and e-forums have also been highlighted recently as a fast, effective and easy way of transmitting information to employees (Panayotopoulou et al., 2007). In a study conducted by CedarCrestone (2006), respondents indicated that they achieved

numerous quantitative results from using e-HRM tools. Efficiencies achieved include head-count reductions, transactional and compliance cost reductions as well as reduced time to hire.

6.2.Improved Service Quality
e-HRM provides the means to improve HRM service toward clients reduce HRM costs and improve the strategic orientation of the human resource function (Bondarouk & Ruël, 2006).   e-HRM may therefore enable the HRM function to improve the service that it offers to the organization (Ruel et al., 2004; Hendrickson, 2003). Also in terms general effectiveness of information technology e-HRM indicates positive consequences since information technology enables HRM professionals to provide increased information responsiveness to their customers and to have more information autonomy and more external professional links. Technology then serves as an "enabler" that empowers HRM professionals to provide more value to their organizations (Gardner et al., 2003).

6.3.Lessened Administrative Burden
The administrative burden of handling day-to-day tasks such as leave applications, benefits management and training applications, memorandums, succession plan among other things can now be handled by the organisation's employees and managers using technology-aided tools such as e-recruitment; e-training; e-payment; e-welfare and e-succession planning (Olivas-Lujan et al., 2007). Ruel et al., (2004) conducted an explorative empirical study in five large companies on web-based HRM. They concluded that the goals of e-HRM are mainly to improve HRM's administrative efficiency/to achieve cost reduction. They also found out that   even though e-HRM hardly helped to improve employee competences, it resulted in cost reduction and a reduction of the administrative burden.

7.Conclusion

In conclusion e-HRM could best be interpreted as an act of scheduling, execution and application of information and communication technology for both networking and human resource practices. It could be deduced here that the utilization of technology has a multiplier effect, first it ensures connection and interaction between individual actors regardless of proximity (in the same office or living far apart) and secondly it champions the act of executing human resource practices, it is a device for ensuring easy task accomplishment, it ensures the improvement of efficiency and reduction of costs associated with HRM and also lessened administrative burdens. A discussion in the literature about the possible goals and outcomes of e-HRM has been found to have operational, relational and transformational impacts. The researchers also suggested that the four goals of cost-reduction, improvement of HRM services, enhancement of strategic orientation and global orientation could be achieved through effective and efficient implementation of e-HRM in organizations be it public or private.

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