

Organizational Outcomes and e-HRM

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This entry will focus on the impact of e-HRM on outcomes at the organizational level. We will define e-HRM as a set of “configurations of computer hardware, software and electronic networking resources that enable intended or actual HRM activities (e.g. policies, practices and services) through coordinating and controlling individual and group-level data capture and information creation and communication within and across organizational boundaries (Marler & Parry, 2016, p. 2).

Marler & Fisher (2013, p. 33) noted that “no studies directly examined the relationship between e-HRM adoption and any kind of organizational performance measures such as competitive advantage, organizational performance, reduced costs or improved HR outcomes such as increased human capital, reduced turnover or increased organizational commitment or job satisfaction”. This is still the case. However, scholars have suggested that organizations can improve their performance and increase competitive advantage via the use of e-HRM to achieve administrative and strategic benefits (Bondarouk, Harms, & Lepak, 2015; Bondarouk, Parry, & Furtmueller, 2017). Typically, e-HRM has been suggested to have three types of benefits: first, those that focus on operational outcomes, efficiency or cost effectiveness; second, those that improve the effectiveness of the HR function, either by improving HR service delivery or by promoting relationships between HR and managers; and third, those that allow the HR function to become more strategic (Lepak & Snell, 1998; Parry & Tyson, 2011; Ruel, Bondarouk, & Looise, 2004). This entry will therefore focus on these three areas in our analysis of the outcomes of e-HRM.

Impact of e-HRM on efficiency

The literature suggests that e-HRM can improve the efficiency of HR activities by both reducing costs and by increasing the speed of transactions (Marler, 2009;

Martin, Reddington, & Alexander, 2008; Parry & Tyson 2011). Early research into e-HRM provided evidence of these outcomes. For example, several authors found that e-HRM allowed the HR function to operate more efficiently by reducing the ratio of HR practitioners to employees, increasing the speed of processes, reducing costs and taking on administrative work (Ruel et al., 2004; Ruta, 2005; Strohmeier, 2007). However, other analyses have disputed this suggestion, failing to find support for cost savings due to e-HRM (Reddick, 2009). Parry (2011), for example, found that companies using e-HRM did not have a lower HR headcount than those that do not use e-HRM, therefore casting doubt on the idea that e-HRM can allow the HR function to make such efficiencies.

Impact on effectiveness

Ruel et al. (2004) suggested that the use of technology could help to improve the service that the HR function provides to its employees. This notion is supported by evidence that e-HRM is related to positive perceptions of the HR function (see for example Bondarouk, Ruel, & van der Heijden, 2009; Lukaszewski, Stone, & Stone-Romero, 2008; Voermans & Van Veldhoven, 2007) and also through evidence that e-HRM can lead to increased accuracy in data entry (Gardner et al 2003; Parry & Tyson, 2011). Lepak & Snell's (1998) suggestion that e-HRM can have positive relational consequences has been supported by evidence pertaining to improved communication, cooperation and relationships (Bondarouk et al., 2017; Reddick, 2009).

Impact on the strategic role of the HR function

Whereas interest in the impact of e-HRM on efficiency and effectiveness has waned in recent years, a more significant amount of research has been undertaken regarding the possible influence of e-HRM on the role of the HR function (Marler, 2009). Early literature regarding e-HRM suggested that the use of such technologies could support the HR function in transforming itself into a function that is more strategic or spends more time on delivering the business strategy rather than on transactional or administrative activities (see for example Lepak & Snell, 1998; Hendrickson, 2003; Lawler & Mohrman, 2003; Shrivastava & Shaw, 2004). However, this notion was much debated with other

authors suggesting that the HR function was not actually achieving this outcome (see for example Tansley, Newell, & Williams, 2001; Burbach & Dundon, 2005).

It is because of this debate perhaps that much of the recent work on e-HRM has been devoted to addressing the question of whether e-HRM can really help the HR function to become a more strategic function. For example, Parry (2011) used survey data to examine this question and found a positive relationship between the use of e-HRM and HR's strategic involvement.

Marler & Fisher (2013) examined the extant evidence regarding the impact of e-HRM on the role of the HR function and concluded that, taking a deterministic perspective, there was little scientific evidence to support the claim that e-HRM makes the HR function more strategic. In particular, they noted that, despite the existence of six studies that tested the relationship between e-HRM and how strategic the HR role was, none of the studies were able to establish causality. Rather, Marler and Fisher's findings supported an organizational imperative perspective, in which e-HRM is an outcome of strategic decision-making by HR managers rather than a driver of this strategic orientation. Marler & Parry (2016) built upon this research, finding that e-HRM and the strategic role of the HR function were in fact reciprocally related, suggesting that managers could deploy e-HRM when making strategic decisions but that e-HRM could also have a significant influence on the strategic role of HRM in organizations. This is an area that still requires significant research (Marler & Parry, 2016; Bondarouk et al., 2017).

Factors affecting the outcomes of e-HRM

It might be that the mixed research findings with regard to the operational, relational and transformational outcomes of e-HRM are because these are contingent on other factors. There is some research that examined the factors that might affect these outcomes, although more is needed. For example, scholars have suggested that the nature of the HR function is a key determinant of the outcomes of e-HRM, in relation to whether it is strategically oriented (Voermans & Van Veldhoven, 2007; Marler, 2009). Ruel et al. (2007) found that the success

of e-HRM adoption was affected by the amount of information employees were provided about the system. Parry and Tyson (2011) found that efficiency and effectiveness outcomes of e-HRM were to some extent dependent on the design and implementation of the e-HRM system, on training of users and on engagement of users with the technology; whereas the achievement of transformational outcomes was influenced by whether HR practitioners developed the new skills needed for a more strategic role.

In addition, several scholars (e.g. Lazazzara & Galanaki, 2018; Ruël & Van der Kaap, 2012, Florkowski & Olivas-Lujan, 2006) have recently argued that institutional factors may affect e-HRM adoption and outcomes. Weerakkody, Dwivedi and Irani (2009) suggested that organizations in different political, socioeconomic and cultural contexts often react differently to similar internal and external challenges, particularly those that involve IT-induced change resulting from limitations imposed by the environment in which they operate. Accordingly, e-HRM adoption and usage will vary on a cross-national basis due to country-specific factors, resulting in different effects on outcomes.

Summary

This entry has provided an overview of the evidence regarding the impact of e-HRM on organizational outcomes. While there is not yet any research that looks at the direct effect of e-HRM on organizational performance or competitive advantage, the literature suggests that e-HRM might have an impact on the efficiency and effectiveness of the HR function as well as on its role in relation to strategic involvement. The evidence regarding these impacts is somewhat mixed, particularly in relation to the role of e-HRM in allowing HR to become more strategic. A number of factors that might affect the impact of e-HRM – including design and implementation issues, HR skills and institutions – have also been highlighted.

Further reading

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