

HRIS: COSTS & BENEFITS TO EMPLOYEES AND ORGANISATIONS

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Abstract: Human Resource Information System (HRIS) is an information system that supports with concern human resource management activities such as recruitment, selection and hiring, job placement, performance appraisals, training and development, etc. in a modern business organisation HRIS is a systematic way of storing data and information of each individual employees to support in planning, decision making and submitting of returns and preparing plans. There are different types of HRIS that every organization makes use of in order to carry out their daily tasks of managing employees like operational, tactical, structural and comprehensive. Each type has their own sub-title software which can be managed according to the plans and policies of the organisation. Although HRIS works accurately and quickly through the software in the organisation problems arise like maintaining the system, updating the software, computer literacy among the employee, maintaining the record, human error during input of data, malpractices, etc.

Key Words: HRM, HRIS, Employees, Organisation, Human Resource Manager

1. INTRODUCTION:

- **Human Resource Management**

Human Resource Management is the process of recruitment and selecting employee, training and development, checking performance of employees, providing compensation and benefits, motivating, maintaining proper relations with employees and with trade unions, maintaining employees' safety, welfare and healthy measures in fulfillment with labour laws of the land.

- **Human Resource Management System**

Human Resource Management System (HRMS) is a combination of systems and processes that connect human resource management and information technology through HR software. A HRMS may help to revolutionize a workplace. This is an outsourcing of routine and time-consuming human resource management activities that frees some of the most productive workers in companies and enables the emphasis to turn to community, recruiting, and other highly impacting areas.

- **Human Capital Management**

Human Capital Management (HCM) is the complete set of practices for recruiting, managing, developing and optimizing the human resource of an organization.

- **Human Resource Information System**

Human Resource Information Systems (HRIS) are the information systems that support human resource management activities such as HR Planning, hiring, job placement, performance appraisals, training and development.



1.1. Objectives of the study:

- To know the applications of HRIS in organization
- To reduce the manual workload of administrative activities of an organization
- To access all the data and information at one place and improve decision making process
- To identify each position within the organization
- To make the strategy plans for organisational development

2. RESEARCH METHODOLOGY:

The study is based on the secondary data which is collected from the various books, websites, etc. Library research method has been used for this study.

3. NEEDS OF HRIS IN AN ORGANISATION:

The personal manager wants a lot of data relating to workers working in the company in order to perform personnel analysis and personnel evaluation and human resource accounting. However, the system of manual records is found to be inadequate and insufficient to meet the information requirements of a modern enterprise. In other words, as the need for HRIS, the effort to maintain and the shortcomings of manual records system can be stated as the fundamental reasons.

Venkata Ratnam and Srivastava have stated three purposes as the need for HRIS:

- To store data and information for each individual employee for ready reference.
- To provide a framework for decision-making in day-to-day personnel problems (e.g. leave) as well as for the preparation, budgeting, execution and control of a range of human resources functions.
- To supply data/returns to government and other public.

Hemendra Verma, a software consultant, conducted a survey and highlighted the need for HRIS for the following purposes:

- It was found that there is very little time allotted in handling information in respect of the HR function, may be because of time required to handle the abundant information.
- There is a lack of information about human resources in the industry at all levels.
- HRIS would help bring about "equality" in areas such as promotion, transfer, nomination, etc.
- HRIS helps settle employees' dues in time, in respect of provident fund, retirement, gratuity, L T C. and earned leave compensation, etc.
- Once the profile of a person is entered in the computer, retrieving the information becomes easier and also involves less cost and lessens chances of errors.

It is observed that some organisation use data and information interchangeably. HRIS is a centralized way for each individual employee to store data and information to assist with the preparation, decision-making and delivery of returns and reports to the external agencies. Human Resource Information System (HRIS) often described as Human Resource Management System, in the present scenario can serve as a crucial tool in providing a competitive advantage to the organizations. It involves measurability, improved management of data and information; regularly provide the scale for measurement of key HR practices and we can see the outcomes on employee efficiency as well as organizational performance. HRIS is usually adopted as well as implemented for attaining the following goals:

- **Improving Efficiencies:** Computerization in HR reduces dependence on hard copy form of data and information related with the employee information, facilitates saving of time and resources by means of online applications/forms shaped in a user friendly interface. This improves the overall competence of the HR department and the HR professionals may focus more on strategic decision making and developmental functions of HR.
- **Mutually Beneficial for the Management and their Employees:** Automation of HR or HRIS facilitates transparency in the system; thereby result in improved employee satisfaction from his job and convenience for the management in proactively responding to people related affairs.
- **HR as a Strategic Partner:** With the performance of HRIS in the organization, the responsibility of HR expands from merely being a support system/ an administrator to a strategic partner. In the arrangement of HR functions the corporate strategy and strategic role in dynamic business objectives through effective management of human resources and accomplishment of HR best practices/ interventions for improved employee performance. An estimation of HR costs involves computation of Return on Investment on Human Capital, which normally encompasses an evaluation of the profit or the positive outcomes and also the expenditure or the negative outcomes of HR lead initiatives/ practices. The estimate of costs and benefits of HRIS can be performed with the help of various techniques:

- **Identification of sources of value for costs and benefits of HR led initiatives:** This would be involving an assessment of the business environment, changing trends and an evaluation of the strategic course of alternatives.
- **Estimating the Timing of Benefits and costs:** This essentially involves comparing the HR costs and benefits in various periods or measuring the costs-benefits of various programs led in different timings. This plays a crucial role during the policy making process.
- **Calculating the value of Indirect Benefits:** Indirect benefits are the secondary benefits. This step helps in understanding the influence of various factors on the probability of success of HRIS projects. By estimating the scale, one can make better evaluation of the planning process. For estimation, at first the proper metric is chosen after the direct evaluation, benchmarking and internal evaluation are done. Benchmarking is widely available, as it has several advantages to offer. In the progress of large scale projects results better risk management. The firm's own internal metrics involves from the internal assessment. Here data transfers are much easier and relatively cost effective as well.
- **Methods for estimating the value of indirect benefits:** These are typically estimated in dollars which involves in the calculation of the Average Employee Contributions (AEC). The difference between the net revenue of an organization and the cost of goods sold divided by the total number of employees can be formulated as $AEC = (\text{Net Revenues} - \text{Cost of Goods Sold}) / \text{number of employees}$ Employee contribution to the organization AEC performs average work. This is a profitable technique for the organization. This helps the HR professionals with the estimation of their contribution towards the organization. Also contributes the assessment of employees' individual differences and production rate.
- **Avoiding Common Problems:** The HRIS Cost Benefit Analysis process lot of times ignores an assessment of the HR policies and its influence on organizational effectiveness. Sometimes calculation of direct and indirect costs confused, as a result direct costs are calculated as direct costs. As more importance is given on time saving, decision makers not able to analyze the outcomes or the end results of the HR led initiatives.
- **Packaging the analysis for decision makers:** The Cost Benefit Analysis is done by analyzing the overall organizational goals and the objectives which have been planned to be achieved over a period of time in measurable terms. Unless and until, a proper Cost Benefit Analysis is done, decision-makers will not be able to calculate the expenditures on investment. The process enhances the strategies for a firms' effectiveness. Through the proper identification of direct and indirect cost and benefits, extensive analysis should be done as per the decision-maker.
- **Variance Analysis:** Variance Analysis is one of the methods for assessing the indirect benefits and can equally be used as a measure in the evaluation process. This involves an assessment of the financial and operational data for identifying and ascertaining the cause of the variance which is identified. In project management, this technique can be very useful for evaluating and review the progress in a project, maintaining budgetary control by assessing the planned as well as the actual costs incurred in a project.

4. HRIS BENEFITS:

According to the opinion of Kovach (2002), HRIS implementation has the following benefits:

- It Improve the organizational competitiveness by way of improved human resource functioning.
- It provides the opportunity for shifting the focus from day to day operational issues of HR to much more strategic objectives.
- Employees take part in the HRIS implementation and its usage in day to day functioning.
- It results in reengineering or restructuring of the entire HRD.

Briefly, HRIS Benefits can be classified into the following:

- Benefits for the management in terms of improving the decision making capability of management, effective cost control, transparency of vision and its operations and more concentration on the HR strategic objectives.
- Benefits for the Human Resource Department in terms of improving the efficiency of the HR department, reduced paper work dependancy and manual management of employee's data/information, also bring standardization in the key processes. It also reduces redundancy and transforms the HR department into a proactive department.
- Provide benefits for the employees as it saves time, convenient facilitates in the usage and administration, improves decision making, etc.

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