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## HUMAN RESOURCE INFORMATION SYSTEM AS A STRATEGIC TOOL FOR EFFICIENT WORKFORCE DECISION MAKING

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### ABSTRACT

The goals of this paper are to recognize the significant factors influencing of the HRIS and to analyze the effect of HRIS on key decisions. HRM (Human Asset administration) is particularly essential in a learning based economy. Inferable from the unrest in data innovation, associations have begun to utilize data frameworks in different capacities and offices in the most recent decades. HRIS has progressively changed since it was initially presented at General Electric in the 1950s. HRIS depend similarly on IT and on HR information. HR administration is one of the offices that for the most part utilize administration data frameworks. The joining of HRIS and Human Asset Administration improves and encourages basic leadership handle by quickening the stream of



crucial data in the associations at whatever point and wherever required. HR data frameworks bolster exercises, for example, recognizing potential workers, keeping up total records on existing representatives and making projects to build up representatives' gifts' and abilities. It has been found that HRIS selection and utilize have a solid and constructive outcome on basic decision making commitment. Managers who have utilized the HRIS and can give significant contribution on how HR data is utilized as a part of arranging and incorporated framework for overseeing data utilized as a part of HR

basic decisions. HRIS can give auspicious and precise representative data to help managers at both the key and operational levels in an association. HRIS can be expressed as "accomplice in advance" to recovery far reaching data as a solitary.

**KEYWORDS:** HRIS, Decision making, Strategies, HRD, Workforce.

### 1. INTRODUCTION:

Leading management thinkers suggest that "it is not technology, but the art of human resource that matters" that is the continuing challenge for executives in the 21st century (Drucker, Dyson, Handy, Saffo, & Senge, 1997). Similarly, Smith and Kelly

(1997) believe that "future economic and strategic advantage will rest with the organizations that can most efficiently attract, develop and retain a diverse group of the best and the brightest human talent in the marketplace". To maintain a competitive advantage in the competitive marketplace, firms need to balance the resources available to the firm to achieve the desired results of profitability and survival. The resources that are available to the firm fall into three general categories: physical, organizational, and human. The emphasis on human capital and knowledge creation to gain and sustain competitive advantage in today's highly competitive Global economy has made the human resource (HR) function or system strategically important. HR system is one important component that can

help an organization become more effective and achieve a competitive advantage. HRIS is the operational link between strategic organizational vision and human resources implementations. In order to understand the need for applications available to HRIS skill, it is best to consider the evolving nature of human resource information systems applications. There is greater recognition that distinctive

Competencies are obtained through highly developed employee skills, distinctive organizational cultures, management processes, and systems. This is in contrast to the traditional emphasis on transferable resources such as equipment, increasingly, it is being recognized that competitive advantage can be obtained with a high quality workforce that enables organizations to compete on the basis of market responsiveness, product and service quality, differentiated products, and technological innovation. The historical analysis that track demonstrate the growing importance of employees from being just one of the replaceable parts in organizations in the 20th-century industrial economy to being a key source of sustainable competitive advantage in the 21st-century knowledge economy. This historical analysis shows how the role of HRM in the firm has changed over time from primarily being concerned with routine transactional and traditional HR activities to dealing with complex transformational role of manpower in the current organization commonly know Human Resource information system.

**EVOLUTION OF HUMAN RESOURCE MANAGEMENT (HRM)**

The history of HRM is said to have started in England in early 1800s during the craftsmen and apprenticeship era, and then further developed with the arrival of the Industrial Revolution in the late 1800s. In the 19th century, Frederick W. Taylor suggested that a combination of scientific management and industrial psychology of workers should be introduced. In this case, it was proposed that workers should be managed not only for the job and its efficiencies but also for the psychology and maximum well-being of the workers. Moreover, with the drastic changes in technology, the growth of organizations, the rise of unions and government’s concern and interventions resulted in the development of personnel departments in the 1920s. At this point of time, personnel administrators were called ‘welfare secretaries’ (Ivancevich, 2007). HRM is said to have started from the term ‘Personnel Management’ (PM). The term ‘PM’ emerges after the Second World War in 1945 as an approach by personnel practitioners to separate and distinguish themselves from other managerial functions and make the personnel function into a professional managerial positions. Traditionally, the function of PM is claimed to ‘hire and fire’ employees in organizations other than salary payments and training. But there were many criticisms and concerns of ambiguity expressed about the purpose and role of PM to HRM (Tyson, 1985) Therefore, the term HRM gradually tended to replace the term PM (Lloyd and Rawlinson, 1992). However, writers argue that the term HRM has no appreciable difference from PM as they are both concerned with the functions of obtaining, organizing, and motivating human resources required by organizations. At the same time, writers are defining the terms HRM and PM in many different ways (Beer and Spector, 1985). The rebranding of the term from PM to HRM was done due to the evolvment and changes in the world of management and therefore, a contemporary term would seem appropriate that can encompass new ideas, concepts and philosophies of human resources (Noon, 1992, Armstrong, 2000). Indeed, some writers comment that there are ‘little differences’ between PM and HRM and it has been criticized as pouring ‘old wine into new bottle’ with a different label (Legge, 2005). Whether HRM is considered to be different than personnel management is a continued debate on both its meaning and practices (Marchington & Wilkinson, 2002; Legge, 2005). It ought to be noted it only a rephrased term from personnel management to Human Resource management.

**ROLE OF HRM**

Early 20th Century	21st Century
Caretaker	Strategic partner
Employee focus Records	Cost-effectiveness Employee development

Source: Kavanagh, Gueutal, and Tannenbaum (1990) or Walker (1982)

### Definition

De Cenzo and Robbins (1996: 8) defined HRM as the part of the organization that is concerned with the people dimension, and it is normally a staff or support function in the organization. HRM role is the provision of assistance in HRM issues to line employees, or those directly involved in producing the organization's goods and services. Acquiring people's services, developing their skills, motivating them to high levels of performance, and ensuring their continuing maintenance and commitment to the organization are essential to achieving organizational goals. This is much the case regardless of the type of organization, government, business, education, health, recreation, or social action. The authors proposed an HRM specific approach as consisting of four functions- staffing, training and development, motivation, and maintenance.

Bratton and Gold (2003: 7) define HRM as the strategic approach to managing employment relations which emphasizes that leveraging people's capabilities is critical to achieving sustainable competitive advantage. This is achieved through a distinctive set of integrated employment policies, programs and practices. The authors presented HRM functions as planning, recruitment and selection, appraisal and performance management, reward management, development, employee relations, health and safety, and union-management relations.

### Human Resource Information System (HRIS)

HRIS has a very humble historical origin. Although there were some exceptions, prior to World War II HR professionals (then referred to as "personnel" staff) performed basic employee record keeping as a service function with limited interaction on core business mission. Initial efforts to manage information about personnel were frequently limited to employee names and addresses. Between 1945 and 1960, organizations became more aware of human capital issues and began to develop formal processes for selection and development of employees. At the same time, organizations began to recognize the importance of employees' morale on the firm's overall effectiveness and performance.

During the subsequent twenty years (1960 to 1980) HR was integrated into the core business operation and, at the same time period, governmental and regulatory reporting requirements for employees also increased significantly. The advent and widespread use of mainframe computers in corporate America corresponded with this regulatory increase and provided a technological solution to the increased analytical and record-keeping requirements imposed by growing regulation of employment and a host of new reporting requirements like affirmative action. The Human Resource Department became one of the most important users of the costly computing systems of the day, often edging other functional areas for computer access. Although HRIS systems were computerized and grew extensively in size and scope during this period, they remained (for the most part) simple record-keeping systems (Kavanaugh et al., 1990). According to Kovach and colleagues, HRIS is considered as a systematic procedure for collecting, storing, maintaining, and recovering data required by an organization about their human resources, personnel activities and organizational characteristics (Kovach, Hughes, Fagan and Maggitti, 2002).

### Development of HRIS

Gerardine DeSanctis, 1986 recent developments in technology have made it possible to create a real-time Information-based, self-service, and interactive work environment. Personnel Information Systems have evolved from the automated employee recordkeeping from the 1960s into more complex reporting and decision systems of late. Today, managers and employees are assuming activities once considered the domain of human resource professionals and administrative personnel. This represents a significant break with the past, but an improvement in overall organizational effectiveness. Consequently, given the authority and relevant accessible information for decision making, both managers and employees respond more quickly to changes (Lengnick-Hall and Lengnick-Hall, 2002).

### HRIS Definition

Kovach et al., (1999) defined HRIS as a systematic procedure for collecting, storing, maintaining,

retrieving, and validating data needed by organization about its human resources, personnel activities, and organization unit characteristics.

Tannenbaum (1990) defines HRIS as a technology-based system used to acquire, store, manipulate, analyze, retrieve, and distribute pertinent information regarding an organization's human resources.

Gerardine DeSanctis, 1986, defines as HRIS shape integration between HRM and Information Technology. It merges HRM as a discipline and in particular basic HR activities and processes with the information technology field. Hendrickson, 2003 defines HRIS as in the case with any complex organizational information system, an HRIS is not limited to the computer hardware and software applications that comprise the technical part of the system it also includes the people, policies, procedures, and data required to manage the HR function.

### Users of HRIS applications

HRIS meet the needs of a number of organizational stakeholders. Typically, the people in the firm who interact with the HRIS are segmented into three groups:

- (1) HR professionals,
- (2) Managers in functional areas (production, marketing, engineering etc.) and
- (3) Employees (Anderson, 1997).

HR professionals rely on the HRIS in fulfilling job functions (regulatory reporting and compliance, compensation analysis, payroll, pension, and profit sharing administration, skill inventory, benefits administration etc.).

### Significance of HRIS

HRIS provide human resource professionals with opportunities to enhance their contribution to the strategic direction of the firm, First by automating and devolving many routine human resource task to the line management, HRIS provides human resource professionals with the time needed to direct their attention towards more business critical and strategic level tasks, such as leadership development and talent management (Lengnick 2003). Other incentives for HRIS implementation are mentioned as following.

- Formulation of policies and programs related to human resource.
- Facilitating decision making in areas like promotion, transfer, nomination, setting employees provident funds, retirement, gratuity, leave travel concession and earned leave compensation.
- Collecting appropriate data and converting them to information and knowledge for improved timeless and quality of decision making.
- Increase competitiveness by Reengineering human resource processes and functions.
- Improving employee satisfaction by delivering human resource services more quickly and accurately.
- Provides a comprehensive information picture as a single, integrated data base; this enables organizations to provide structural connectivity across units and activities and to increase the speed of information transactions.

### REVIEW OF LITERATURE:

HRIS has grown in popularity since the 1960s (Lederer, 1984). Broderick and Boudreau, 1992; Kossek, 1994 Kovach et al., 2002 highlighted HRIS is now used not only for administrative purposes but also for strategic and business decision-making purpose. When the HRIS function was computerized, fast decision making was able to take place in the development, planning, and administration of HR because data became much easier to store, retrieve, update, classify, and analyze.

Ball (2001) showed that 60 percent of Fortune 500 companies during late 90's use the HRIS to support daily HRM operations.

Gary S. Fields (2002) conducted a study on Engineering Solutions Company with 100 engineers with the help of HRIS data to know the employees' promotion, job performance, decision making and psychological assessments. The researcher found that HRIS was the best tool for measuring the performance of employee for promotion.

Sadri and Chatterjee, 2003 Suggested as HRIS can strengthen an organization's character in general.

Ratton and Gold (2003) stated that "the strategic approach to managing employment relations which emphasizes that leveraging people's capabilities is critical to achieving sustainable competitive advantage".

Mayfield (2003) proposed a HRIS model. This model is based on general systems theory. The model addresses all major HRIS components and offers information on how these facts interact to support each other and larger organizational outcomes.

Lippert and Swiercz, (2005) showed that in today's knowledge economy; the success of organizations depends mainly on the performance of their HR.

Hussain (2006) made a study on 450 organizations in UK firms. The study was on HRIS usage in developing professional status of HR managers.

Chartered Institution of Personnel & Development (2006) found that technology is supporting the HR activities and processes. In addition to that HRIS was found to be developing effective communication between employees and managers.

Mathis and Jackson, 2010 suggested the overall strategy of the organization and the use of technology in HR has expanded spectacularly and is continuing to change HR management activities with executives, managers, and employees.

Prof. Dr. Anil C. Bhavsar (2011) discusses various advantages, applications and importance of HRIS. The author highlighted that "today's HRIS has the potential to be an enterprise wide decision support system that helps achieve both strategic and operational objectives".

Dessler and Al Ariss, (2012) study and confirmed that HRIS is playing a big role in development of professional status of HR professionals. Human Resource Management is about the procedures and practices that encompass the human resource aspect within organizations.

Dr.L.M Mujeeb (2012) observed that usage of Human Resource Information System to enhance the effectiveness of HR practices.

Latha Chakravarthi (2013), they examined the employee perception and satisfaction towards usage of HRIS in Bharat Sanchar Nigam Limited, Vadodara Telecom District by distributing questionnaire with sample size of 90 and concluded that Human Resource Information System usage showed varying results among the quality of system and information.

Chen Wei (2014) did a study on streaming data, which has been used in real time monitoring of employee. This study concluded that without existing data, dynamic human resource management data cannot be achievable.

### **OBJECTIVES OF THE PRESENT STUDY:**

The present study tries to find out the following objectives;

- + To identify the HRIS facilitates for a better decision making.
- + To identify the effective application of HRIS for an organizations HR functions (of tracking existing employee data)
- + To identify the present and future advantages of adopting HRIS for a better and effective communication process of an organization.

### **HRIS in Business**

Survival and success in current fast paced globalized economy increasing depends on competitiveness i.e. ability to compete. It is multidimensional concept. HRIS in particular, has become critical factor in making business competitive and effective. Companies are increasingly realizing the advantage of having systems that capture, analyze and report on the host of human resource aspects that are critical to running a business HRIS is a key management tool used for understanding the patterns for human resource policies, actions and employee behaviors as well as for identifying gaps in Human Resource Systems and the effectiveness of Human Resource Systems.

HRIS is a computerized system that aids in the processing of information relating to human resource management and has become a crucial element of all organizations. Thus, the importance of HRIS is

multifaceted, ranging from operational assistance in collecting, storing and preparing data for reports, simplifying and accelerating the processes and controlling the available data, reducing labor costs for human resource departments, and providing timely and diverse information to the management of the company, based on which it is possible to make quality strategic decisions related to human capital.

### Functions of HRIS

HRIS functions interactively with human resource management systems such as Human Resource planning, staffing, training, and career development, performance management and compensation management (Kavanagh et al., 1990). The functions can also be categorized as following.

#### 1. Create and maintain employee records:

The data being entered create an employee record and this record is maintained throughout employment. In most of the organizations the HRIS administrator is responsible for creating and maintaining these records.

#### 2. Ensure legal compliance:

Data entered into the HRIS can be used to help the organization comply with government regulations in an accurate and timely manner. Ensuring data integrity and accuracy is very important and a key responsibility of human resource professional.

#### 3. Human resource planning and forecasting:

Information from recruitment, training and development, and administrative subsystems, such as number of open positions, types of positions, employee skills and competencies, job rates, retirement eligibility and employee turnover rates can be used to help managers develop long range staffing plans and provide valuable information to the human resource professionals.

#### 4. Talent management/Knowledge management:

The data that are entered into the system, such as skills, competencies, jobs held, training and employee development interests, can be used to help managers provide development opportunities for their employees, ensure that the appropriate employees are offered positions that will enhance their skills, provide the appropriate training for employees so that they can advance in the organization, and highlight an employee's interests and development paths.

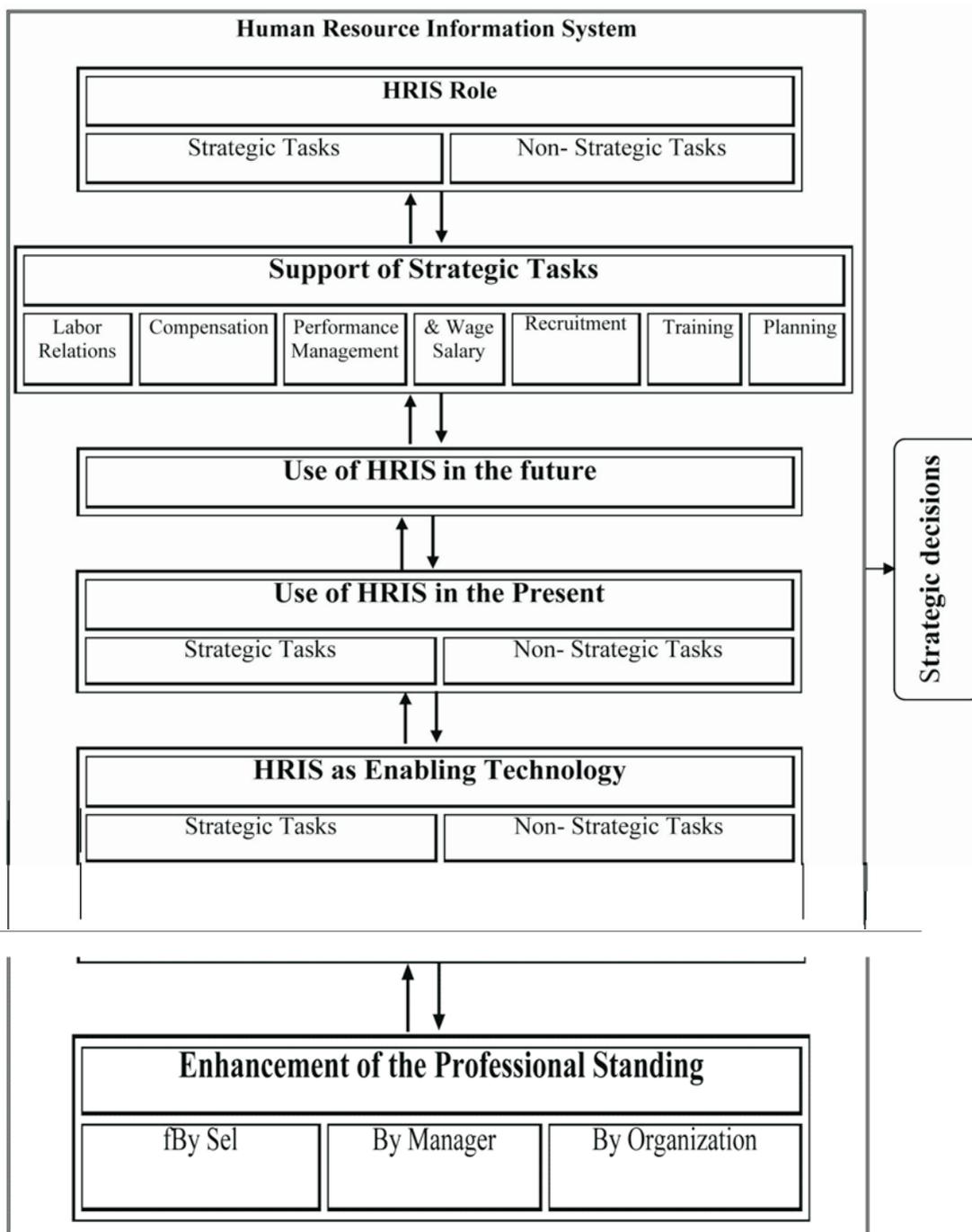
#### 5. Strategic alignment:

Information from the system can help organizations align human resource activities more effectively with their strategic plan

#### 6. Enhanced decision making:

The ability to extract data from the HRIS and use these data not just to create information but also to improve the quality of management decision has become increasingly important. Information needs to be relevant, useful, timely and accurate.

**Role of HRIS**



Source: Published by Canadian Center of Science and Education

**HRIS in Decision Making & Forward Planning:**

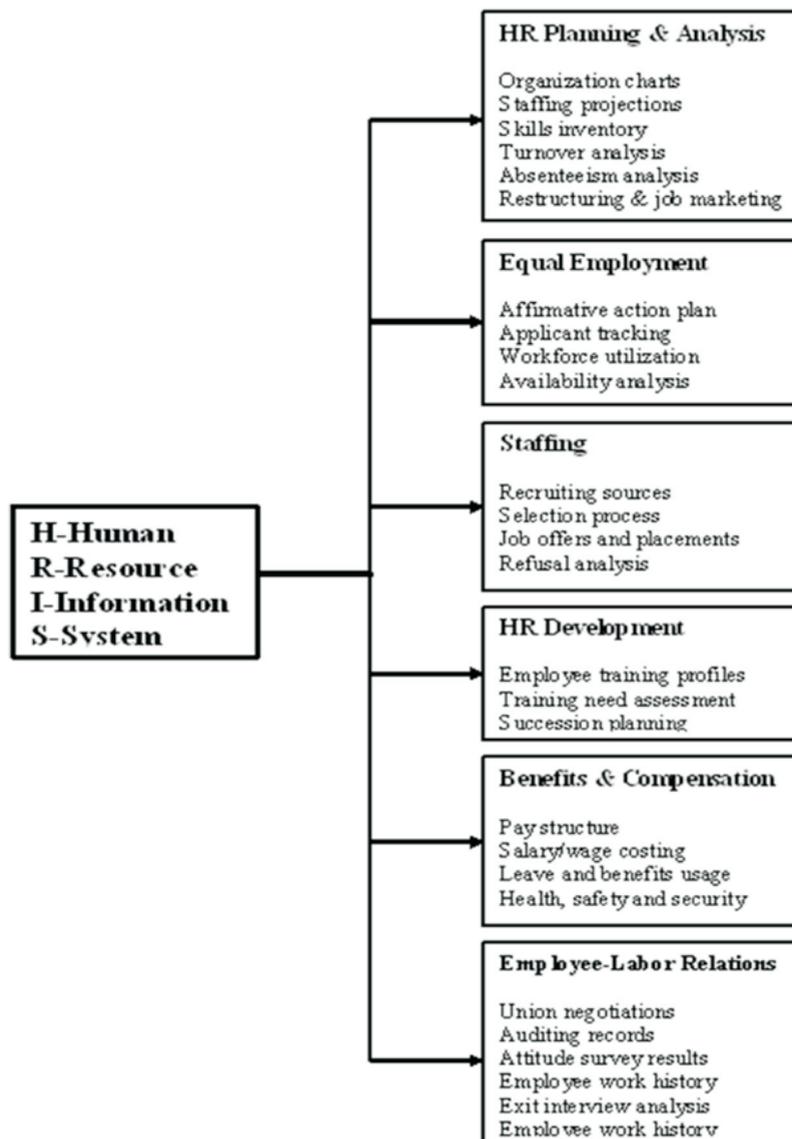
The emergence of the human resource management field gave the human resource function greater credibility within the managerial hierarchy, necessitating more sophisticated use of information, especially as it related to the strategic management function of employees. Firms have experienced increased competitive pressures that have translated into greater cost containment demands from upper management, leading to greater automation of the record-keeping function in the HRM field. As a result of the rapid change in computer and software technology, HRIS-related products are constantly upgrading and changing. Advanced Personnel

Systems, a California-based HRIS consulting firm, markets a fairly up-to-date database listing a wide-range of HRISs and supplementary programs along with descriptions of the capabilities of these systems to guide managers in selecting appropriate products.

**Impact of HRIS in Problem Solving**

- i. Practicing HR professionals have an advantage over academics in keeping up with new developments as they generally are in a position to monitor technological changes in their field on a day-to-day basis.
- ii. The teaching team is composed of one faculty member with a specific concentration in HR, one with behavioral and organizational emphasis and one with expertise in MIS.
- iii. This approach was chosen initially to allow full treatment of the issues proposed by HR practitioners.
- iv. There are also several conferences and shows held annually around the United States that are dedicated to advances in HRM-related information technology applications, including HRIS.
- v. The user may check on the current status of his or her fringe benefits, vacation time, training program enrollment, or pension fund.

**Human Resource Information System Model**



### Benefits of HRIS

HRIS helps in recoding and analyzing employees and organization information and documents, such as employee hand books, emergency evacuation and safety procedures (Fletcher, 2005). It also helps the organizations to keep an accurate, complete and updated data base that can be retrieved from reports and manuals. HRIS advantages can be systematized according to Kovach (2002).

1. Increase competitiveness by improving human resource operations
2. Ability to implement a number of different operators to human resource
3. Shift the focus from the operational (transaction) human resource information to strategic human resource information.
4. Include employees as an active part of the HRIS
5. Reengineering the entire human resource department

### HRIS benefits can be categorized as following:

1. Benefits for management
2. Benefits for human resource department
3. Benefits for employees.

#### 1. Benefits for management include:

- Increase of overall decision making efficiency.
- Cost reducing and better control of budget.
- A clear vision of business including business transparency.
- Sharp insight into the process of hiring and firing employees, at the aggregate level.

#### 2. Benefits for human resource department include:

- + Possession of single data base of all employees in the company with all necessary information and opportunities of different reports.
- + Elimination of paper work that are much slower and with higher probability of errors.
- + The ability to update data bases in real time, on the basis of all changes, which is of extreme importance to regionally diversified companies.
- + Minimize errors that are caused by human factor.
- + Improved management system in accordance with the legislation.
- + Elimination or reduction of redundancy in the system.
- + Standardization of business processes.

#### 3. Benefits for employees:

- a) Saves time (Time management)
- b) The possibility of independent access to data, which often means working in one software window.
- c) Easily available data at all the time.
- d) Increasing staff morale.
- e) Automatic tracking and reminder to business obligations and events.
- f) Encouraging employees to make decisions and initiatives on the basis of information obtained in the HRIS system.

### STRATEGIC ROLE OF HRIS IN DECISION MAKING

One of the major roles of HRIS system is to improve communication between HR and other departments, facilitate effective decision making make effective decisions and gain a competitive advantage for the organization. Only 37.5% of the respondents surveyed believed that HRIS was fulfilling this goal. Whereas 87.5% believed that information was being shared between top administrators, only 50% of these administrators were actually using this information. Only half of the people that were surveyed thought that HRIS lived up to

their expectations, whereas all 100% agreed that HRIS can and should be better utilized.

Regarding strategic consideration, it is wise to assume from the results that HRIS will continue to play a more administrative rather than a strategic role within most organizations. However, management has to make sure that the right information reaches the right people. In addition it costs the organization both time and money when employees have to look through stacks of information to identify which is most relevant to them. This in turn impairs the employee's ability to think strategically. This problem can be overcome by providing relevant information access to each department.

HRIS can contribute towards increasing the competitive advantage of the organization. The reports that are generated might not be user-friendly and that might be the reason why the information generated by the system is not being properly utilized to its fullest potential. The reason can be that people are not encouraged to read the reports and then make tactical decisions, based on the information provided. Overall, more needs to be done and further research needs to be conducted to discover how HRIS can be better utilized to strategically benefit the entire organization.

HRIS also has the potential to fundamentally affect revenue channels, beyond cost reduction and productivity improvements. It may enhance innovation, and speed up time to market for products. HRIS contribute to cost reductions, quality/customer satisfaction (Broderick and Boudreau, 1992). In 2002, HRIS functions enable, faster decision making, development, planning, and administration of HR because data is much easier to store, update, classify, and analyze. Moreover, while it may be possible to identify many of the relevant costs (e.g., software and hardware), it is more difficult to quantify the intangible benefits to be derived from an HRIS system. Beyond cost reductions and productivity improvements, HRIS potentially and fundamentally affect revenue channels. However, establishing direct and objective benefits measures is more difficult to achieve.

There are costs associated with HRIS implementation. Moreover, to capitalize on all HR possibilities, workers need to have personal computers and global Internet connections. Some companies facilitate this by providing employees computer discount programs to encourage home usage. In addition, there is inevitably transition costs associated with moving from traditional HR to an HRIS, including slowdowns, mistakes, and other consequences associated with changing legacy systems to integrated suites (Brown, 2002). Hardware costs for servers and software costs for application programs entail sizeable initial outlays and continuing costs over time as better technology becomes available. While many companies are adopting HRIS systems and extolling their benefits, others are reluctant in embarking on such an expensive and time consuming change. Nevertheless, some firms are adopting less complex forms before attempting to transform their HR departments. However, for those who have already adopted HRIS, many are yet to realize its full benefits.

## CONCLUSION

HRIS provides management with strategic data not only in recruitment and retention strategies, but also in merging HRIS data into large-scale corporate strategy. HRIS is an effective and efficient catalyst for integrating Human Resource Management and Information Technology. HRIS as a system support HR functional applications such as employee selection and placement, payroll, pension and benefits management, intake and training projections just to mention but a few. The composition of HRIS includes input, maintenance, and output. HRIS process that output, adjust it in such a way that it is understandable. The three major groups that make use of HRIS are HR professionals, managers in functional areas, and employees. While HR professionals rely on the HRIS in fulfilling job functions, managers rely on the HRIS's capabilities to provide superior data collection and analysis, especially for performance appraisal and performance management.

In addition to HRIS's integration function, HRIS enable effectiveness and efficiency, by ensuring competitiveness among firms. However, along with the benefits are the costs involved in implementing and maintaining these systems. For example, hardware and software cost, time and other related costs. There are many software solution offers; the choice is however dependent on the decision need to made by the user. Consequently, information validity, reliability and utility constitute a comprehensive HRIS, and should always be the pivot for every HRIS implementation. Increased use of HRIS allows professionals to achieve improved

performance and thus facilitate participation in internal consultancy activities (PMP (UK) Ltd 1997). Ulrich (1997) and Brockbank (1999) also realized that HR professionals both provide value to the organization and improve their own standing in the organization by using HRIS to make HR a strategic partner.

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