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## Effectiveness of HRMS and its influence on employee performance

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### ABSTRACT

*HRMS being the part of ERP, it totally reliable on management of HR software, which is completely united with HR business process which gives the Human Resource department employees to perform routine operation, some of which include employee personal information management, earning management, absentee management and evaluation of performance. All the features may be available in the primary HRMS or has to be added as a software module. In most of the organization, it is united with various different systems including accounts, administration, attendance, etc.*

*The system when implemented in the organization, it would help to absorb promising new technologies, it also tends to simplify the workflow. The system also helps in improving exactness, creditability & stability of employee details. Major advantage which the system provides is simplifying the deployment and collection of data. The present study intends to understand the effectiveness of HRMS on employee performance. Regression analysis was conducted to analyze the influence of HRMS. It was found there was a strong influence on employee performance.*

**Keywords:** HRMS, employee performance, influence, HR database

## Theoretical Background

In today's time, HRMS has become a need of every organization for the smooth functioning of the department as well as the whole organization. This system is being designed so that it can manage the organization's automated processes of HR. HRMS is a type of information system (IS) which combines both hardware and software resources. It is a server which ensures to provide in-house access to all sanctioned workforce.

HRMS being the part of ERP, is totally reliable on management of HR software, which is completely united with HR business process which gives the Human Resource department employees to perform routine operation, some of which include employee personal information management, earning management, absentee management and evaluation of performance. All the features may be available in the primary HRMS or has to be added as a software module. In most of the organization, it is united with various different systems including accounts, administration, attendance, etc.

## Literature Review

**Faruk & Osman (2015)** speaks regarding the survey conducted by them, which reports on the recognized advantage of HRIS. It discovered 5 incentives which include allocation of workforce more efficiently and effectively, promotion of organizational culture, automation of the task or function repeating, & also upgrades help to the staffs for HR end-users to develop technology for the smooth performance of HR practices in quite an efficient manner. The study also concluded that HRIS can be good choice to replace certain redundant HR roles. **Sabrina, (2012)** attempts to make available a theoretical analysis regarding benefits, limitations, and barriers in the system. This concludes that HRMS is necessary for effective people management and to offer a competitive edge. The HRIS program must be viewed like expenditure and not expense. The dedication of higher authority is required to remove the existing barriers to the success of HRIS. The services of HR have become more of a self-service rather than paper transaction which resulted in a more efficient HR department. **Shammy (2012)** suggested that HRIS has brought considerable enhancement in the HR functions. HRIS is an important transition for the HR department of every company. The study shows that the method is a little complex sometimes and it's difficult to work with, but it has helped a lot to match the HR practices with the organizational strategy, helped to identify improvement areas and keep abreast with the current practices. It allows evaluating the potential risk and increasing commitment. On the whole, HRIS, increases the efficiency of the HR function, has helped to majorly to contribute the potentials of HR Department towards the organization, developed the structure, payroll, time, and attendance, appraisal performance, recruiting, learning management, training system, etc and smooth adoption of the changing mindset. **Dianna & Kimberly (2009)** informs about the widespread use of the eHR system and how various survey shows a lot of issues involved with their design and implementation. Surveys conducted reveal that only 14 percent of organizations study has assisted to implement great HR decisions. Therefore, there can be a variety of issues associated with the design and implementation of such systems. The model which has been extended offers more comprehensive description of the communication mechanism underlying these structures and also the impact of message and media characteristics.

The article further provides number of testable hypothesis based on the expanded model that could be used to guide further research on the system. **Julia & James (2013)** mentioned how the HRMS is integrated with the human resource process and organization's information system. They argue that shared leadership represents an appropriate approach to improving the functioning of ERP implementation teams. The paper shall study the influence of HRMS on employee performance and its importance in modern day organizations.

## **PROBLEM STATEMENT**

Previously the company were using traditional methods of HR practices but due to the technological influence, companies have adapted HRMS software but its effectiveness was not checked. Hence this study is being conducted to check the effectiveness of employee performance through HRMS.

## **NEED FOR STUDY**

The need of the study is to understand whether the effectiveness level and employee performance has increased due to the use of the HRMS software.

## **OBJECTIVE OF THE STUDY**

- To measure effectiveness of HRMS on employee performance

## **SCOPE FOR STUDY**

The study was conducted in a rubber manufacturing company in Navi Mumbai plant which includes Marketing, Purchase, P&A, Sales Admin, IT, Finance and Production department. The HRMS was only been used by the Management employees and not the Non-Management.

## **RESEARCH METHODOLOGY**

- **RESEACH DESIGN**

Descriptive research

- **SAMPLE SIZE**

A sample of 40 employees was selected after the calculation in the Rao soft website.

- **POPULATION**

The total population of the study was 44. This is because the HRMS software was applicable to certain departments

## **DATA COLLECTION**

The primary data would be collected by interaction with the company employees and also through a survey with the help of structured questionnaire. The data would also be collected from the company website, Annual reports, business journals, internet and the research papers related to this topic.

## HYPOTHESIS

**H0:** HRMS has no influence on employee performance

**H1:** HRMS has an influence on employee performance

## REGRESSION ANALYSIS

**Table 1: Correlation table of Employee Performance and HRMS**

		Employee Performance	Human Resource Management System (HRMS)
Pearson Correlation	Employee Performance	1.000	.696
	Human Resource Management System (HRMS)	.696	1.000
Sig. (1-tailed)	Employee Performance		.000
	Human Resource Management System (HRMS)	.000	
N	Employee Performance	40	40
	Human Resource Management System (HRMS)	40	40

**Table 2: Regression Analysis Summary for HRMS predicting Job Performance.**

Model	Coefficients <sup>a</sup>					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.157	.510		2.270	.029
	Human Resource Management System (HRMS)	.690	.116	.696	5.972	.000

a. Dependent Variable:

$$EP = 1.157 + 0.690 * (HRMS)$$

The Coefficients table is the most crucial table. It contains the coefficients for the regression equation and tests of significance.

B' column in the coefficients table, gives us the values of the gradient and intercept terms for the regression line.

The model is:

$$\text{Employee Performance (y)} = 1.157 + 0.690 *(\text{HRMS})$$

The gradient ( $\beta$ ) is evaluated for relevance. If there is no relationship, the gradient of the line ( $\beta$ ) would be 0 and thus HRMS would not affect employee efficiency. The sig value against HRMS is less than 0.05 and so there is important evidence to indicate that the gradient is not 0 ( $p < 0.05$ ).

**Table 3: Model Summary**

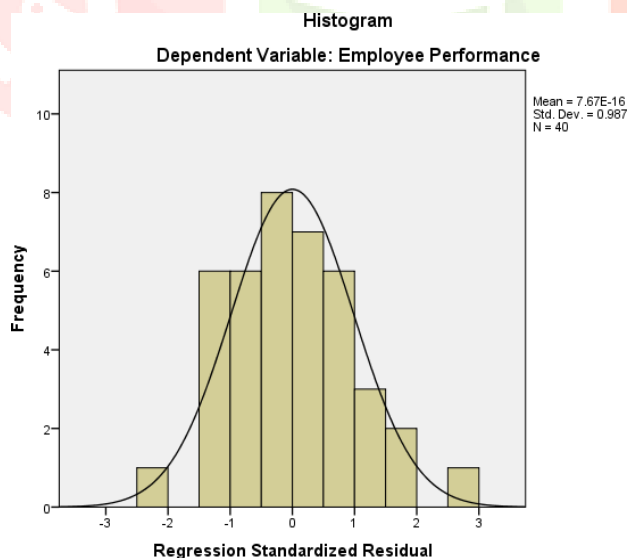
Model	R	R Square	Adjusted R Square	Error of the Estimate
1	.696 <sup>a</sup>	.484	.471	.22300

a. Predictors: (Constant), Human Resource Management System(HRMS)

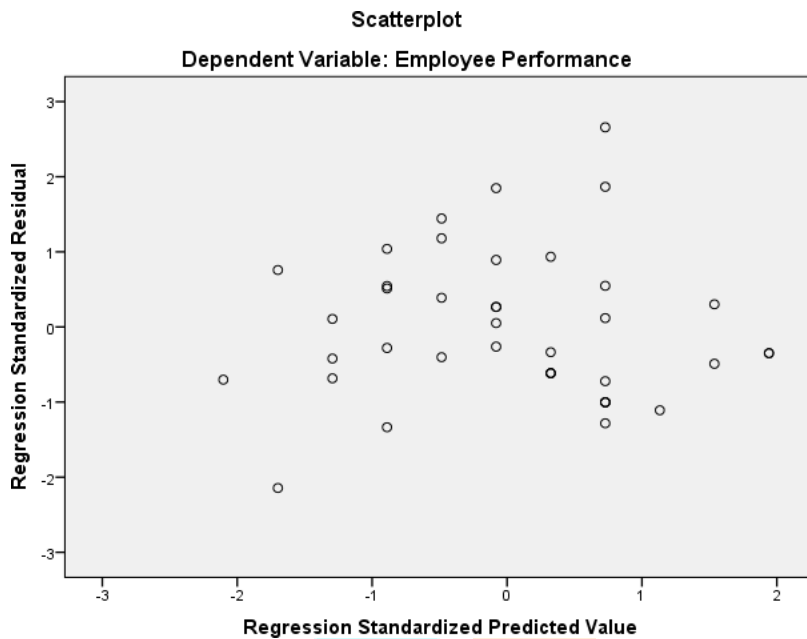
b. Dependent Variable: Employee Performance

The key information from the table above is the R<sup>2</sup> value of 0.484. This suggests that 48.8 percent of the variability in employee performance may be because of HRMS. This is moderate so predictions from the regression equation are relatively accurate. It also means that a little above 50 percent of the variation is still unexplained so adding other independent variables could improve the fit of the model.

**Table 4: Histogram of Employee Performance**



The residuals are approximately normally distributed.

**Table 5: Scatter plot of Employee Performance**

There is no trend in the scatter. The width of the scatter as expected values increase is approximately the same so the expectation has been met.

### REPORTING REGRESSION

Simple linear regression was used to find the relation between the performance of employee and HRMS. The scatter plot showed that there was a strong positive linear relationship between the two. Simple linear regression showed a significant relationship between HRMS and employee performance ( $p < 0.05$ ). The slope coefficient was 0.690 so the employee's performance increases by 0.690 units for each extra change in HRMS. Simple linear regression was carried out to investigate the relationship between employee performance & HRMS. The scatter plot showed that there was a strong positive linear relationship between the two. Simple linear regression depicts a significant relationship between HRMS & employee performance ( $p < 0.05$ ). The slope coefficient was 0.690 so the employee's performance increases by 0.690 units for each extra change in HRMS.

### FINDINGS AND SUGGESTIONS

The study states that it eliminates the work duplication and reduced the paper work. Most of the employees agree that the software has simplified the work process and has led to reduction in error. There is reduction in work stress and timely management of all the work, there is coordination and better clarity in the HR process and policies. It was found that HRMS had a significant influence on the employee performance. The organization can update the software in a continuous basis so that all the features could be utilized to the best extent and also regular trainings should be conducted to update the employees about the add-ons. All the queries related to the software should be solved immediately, without delay so that the employees have good experience with the software and use it to the full extent. Mobile accessibility should also be given to the employees in future to allow them access the software anywhere. The company should allow all the functions of HR through this system so that it could be convenient to

all the employees to be up to date with all the happening in and around the company.

The management should continue with the use of the software and not eliminate the practice as it is helping the organization and its employees to perform more efficiently. The management should also let the non-management and the production workers use this software as it could lead to reduction of errors and also lower the overall paper work and work stress too as it allows the workers to work more efficiently. The management could also collect feedback from all the new users of the software to understand their perspective.

## CONCLUSION

The human resource management system is a very powerful method in an organization, whether big or small. The successful introduction of the HRMS means that the organization is organized and willing to tackle the challenges. Using HRMS to handle HR tasks is a common consideration for all effective businesses. HRMS can help big companies and small start-ups improve their development and profitability. HRMS allows organizations to adapt their workflow to the needs of their company and to achieve the optimal customer experience. Therefore, HRMS is the best step that the company will take to make workers operate more effectively. This research was undertaken mainly to determine if the degree of productivity of workers improved due to the use of HRMS tools. Through this study it was found out that the employees' effectiveness has been increased considerably due to the software. It also found out that the employees are benefited in various forms due to the use of the software, their efficiency has increased, they can perform their work more speedily with minimum error and also all the company information related to the policies and rules are available within a click making the work of the employees easier.

The system also provides timely information about the events in the company making employees aware and leading to better employee engagement, due to which the employee satisfaction has also increased. Thus it can be concluded that HRMS has led to increase in employees' effectiveness because of the use of HRMS software.



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