

e-HRM: Innovation or Irritation?

An explorative empirical study in five large companies on web-based Human Resource Management

Authors:

Huub Ruël – Utrecht School of Governance

Tanya Bondarouk – University of Twente

Jan Kees Looise – University of Twente

1. Introduction

Until now, empirically-founded models for e-HRM are scarce, as is research on e-HR in general. The models and approaches available are mostly practical e-HR models and focus on the implementation of the technical system that is supposed to support e-HR. In short, they are very much technology driven. We think this is a limited view and believe that the phenomenon of e-HRM deserves a closer and more fundamental examination and thus we start from the roots.

This research report aims at demystifying the phenomenon e-HRM by raising the following questions:

- What actually is e-HRM?
- How to analyze e-HRM theoretically?
- To what extent is it already 'visible' in organizations?
- What types of e-HRM can be distinguished?
- What are the goals?
- And, finally, what are the consequences for HR departments?

We will look for answers to these questions by reviewing the literature and by presenting five case studies. Based upon the literature, an e-HRM research model is developed and, guided by this model, five organizations have been studied that have already been on the 'e-HR road' for a number of years.

Defining e-HRM:

e-HRM is a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed support of and/or with the full use of web-technology-based channels. The word 'implementing' in this context has a broad meaning, such as making something work, putting something into practice, or having something realized. E-HRM, therefore, is a concept - a way of 'doing' HRM.

Research questions:

Our conclusion about what is known about e-HRM, and how it is working out in reality, is that it is limited and very much based upon consultancy-based survey material. What are lacking are more explorative, qualitative data-based results. Therefore, our aim is to fill up this gap and, to this end, we pose the following central research question:

To what extent does the management of employee relationships in companies change with the planned use of web-tools for HRM purposes, and how does this change occur?

From this basis, we distinguish a number of sub-questions:

1. What are the goals that decision-makers within companies try to achieve when they start with the planned use of web-tools for HRM purposes?
2. What types of e-HRM can be distinguished in companies?
3. What are the consequences, in terms of HR outcomes, of the use of web-tools for HRM?

Based upon these three questions we first build a research model and then describe a research strategy to answers these questions.

2. A research model

Having laid a basis for e-HRM by defining it we will now dig deeper by theoretically framing e-HRM guided by the research questions posed at the end of Section One. The ultimate goal of this exercise is to develop an e-HRM model that can function as a frame of reference for our research.

As already explained, we aim to develop a model for e-HRM inspired by the thoughts and ideas expressed above. The steps towards the model, when combined, form a chain of reasoning: the basis for the model. The steps, or parts of the model, will be:

1. The state of HRM in an organization.
2. The e-HRM goals.
3. Types of e-HRM.
4. HRM outcomes.

The state of HRM in an organization

Organizations do not start with nothing when they step out onto the e-HRM road. For a start there will be certain implicit or explicit HRM policy assumptions and practices already in use. Further, every management decision contains some HRM component. Beer et al. speak about HRM policy choices. The set of HRM policy choices within an organization can be categorized into one of the three types distinguished by Beer et al.: the bureaucratic policy, the market policy, and the clan policy. From the existing state of the HRM in an organization (the frame of reference), the individuals and groups involved (the stakeholders) make choices with regard to e-HRM. As these are made within a certain context, the choices are purpose-driven.

e-HRM goals

What goals drive stakeholders when deciding about e-HRM? Based upon a scan of professionally-oriented and academic journals, we can draw conclusions about the reasons or goals of organizations making steps towards e-HRM. The four ‘pressures’ from Lepak and Snell (1998) are a good start, but we think that they can be reduced to three types of goals, namely:

1. Improving the strategic orientation of HRM
2. Cost reduction/efficiency gains
3. Client service improvement/facilitating management and employees.

Types of e-HRM

E-HRM is not a specific stage in the development of HRM, but a choice for an approach to HRM. Wright and Dyer (2000) distinguish three areas of HRM where organizations can choose to ‘offer’ HR services face-to-face or through an electronic means: transactional HRM, traditional HRM, and transformational HRM. Lepak and Snell (1998) make a similar distinction, namely operational HRM, relational HRM and transformational HRM.

e-HRM outcomes

We assume, based upon Beer et al.’s ideas about the expected results or outcomes of HRM, that e-HRM also aims to achieve a certain set of outcomes. All HRM activities, and therefore also all e-HRM activities, will implicitly or explicitly be directed towards these ‘overall’ outcomes. Beer et al. (1984) distinguish four possibilities: high commitment, high competence, cost effectiveness, and higher congruence. These outcomes, in turn, may change the state of HRM in an organization, or through individuals and/or groups within an organization actually result in a new HRM state. This closes the circle.

With the addition of the e-HRM outcomes, the building blocks have been identified that are needed to finalize our e-HRM model (see Figure 1):

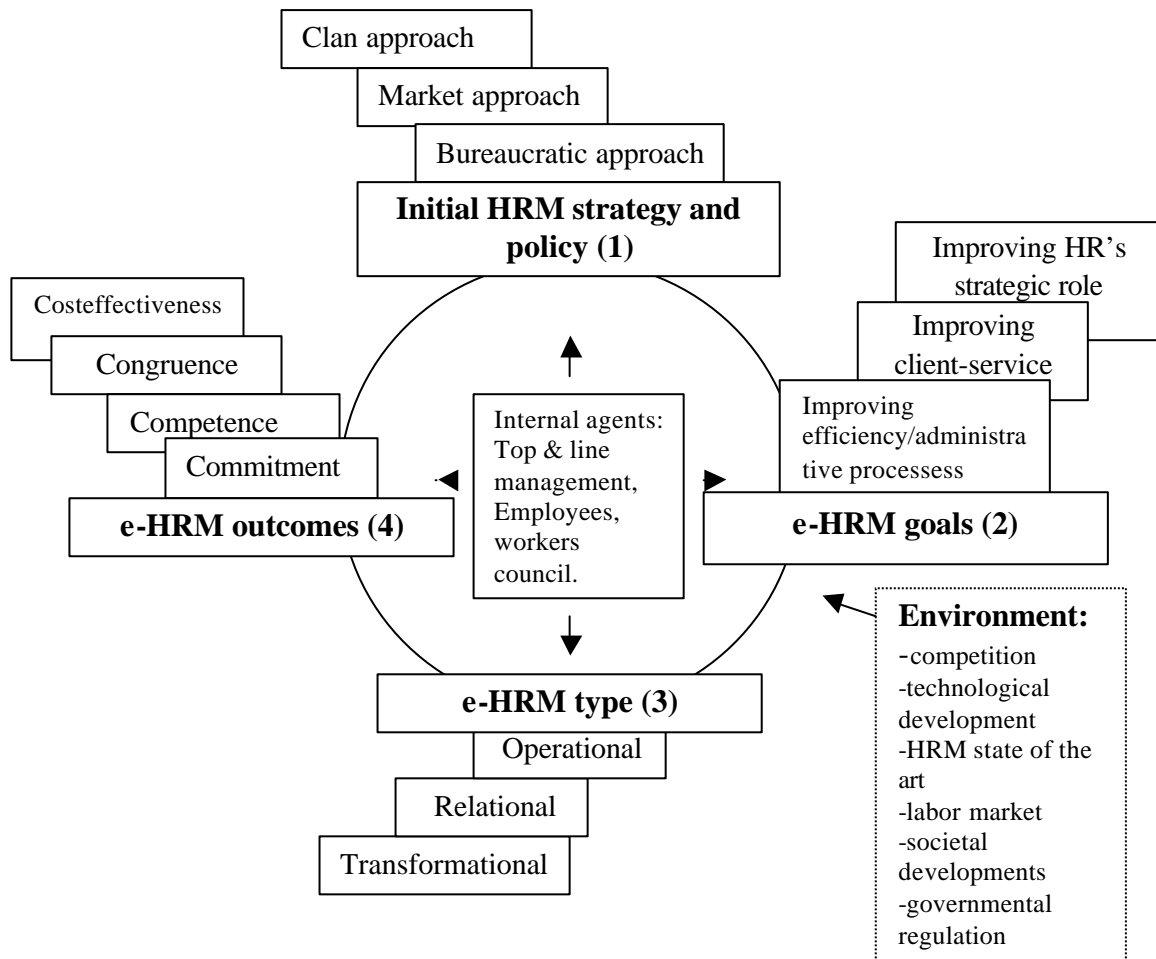


Figure 1 The research model

After having modeled e-HRM, there is another question for us to answer: what are the consequences of e-HRM for the HR department itself?

Consequences for the HRM department

The literature seems to clear: e-HRM will not leave HR departments 'untouched'. Less administrative tasks for the HR department and therefore less administrative positions, more focus on the strategic goals of the organization and therefore an HRM staff consisting mainly of 'thinkers'; this is, in essence, what HR departments can expect or are already facing and experiencing.

From our definition of, and approach to, e-HRM the following can be concluded about the consequences of e-HRM for the HR department. E-HRM will assume an active role for line management and employees in implementing HRM strategies, policies, and practices. In terms of the more operational and information processing work, such as administration, registration and information distribution, there will be less demand for HR people. This seems most logical for organizations with an operational e-HRM approach. However, also with a relational e-HRM approach dominating, a smaller HR staff will be necessary if line management and employees

pick up and use the HRM instruments provided by the HR intranet. There will still be HR experience necessary for the renewal of instruments and to prepare them for easy intranet-based use. Finally, with a more transformational e-HRM approach, strategic HRM expertise will be necessary in order to formulate adequate strategic HRM plans. The scarce empirical studies on this topic suggest that an investment in e-HRM seems to result in companies reducing the number of HRM employees. Based on the earlier arguments, it is likely that this concerns primarily the operational/administrative HRM workers. At the tactical and strategic levels, HRM staff will remain necessary, but will see a shift in their expertise from face-to-face skills towards intranet and internet activities. In other words, the web-dimension will be added to the toolkit of HRM professionals.

3. The research strategy

In our study we have opted for qualitative research methods. Qualitative research can enhance the credibility of a study. Secondly, such a study's results are often accepted as understandable, believable, and meaningful. Thirdly, qualitative research designs can enhance organizational practices since participants and other organizational members can readily see the implications of the obtained results. An outcome of this is that organizations and organizational members are likely to be more willing to cooperate.

Case selection

The unit of analysis that is chosen for this study is the organization, meaning that a single organization is considered as a case. It is this study's goal to say something about e-HRM in organizations, how it starts and the way it works out or, in other words, e-HRM in organizations constitutes our empirical domain.

For our study, we have chosen conversational interviews as the dominant technique. The conversational interviews are particularly used to describe the variables in the research model.

We have used project participants, who had been able to observe the project, as 'our researchers' and we let them tell us their stories. We included representatives of many relevant parties (employees, project team members, HRM professionals, line managers), and so we have a so-called *multiview* of e-HRM developments in companies, and have been able to describe the variables discerned in our research model.

To get a deeper insight in the practice of e-HRM we involved five large companies (each with more than 15 000 employees). These five companies were Dow Chemicals, ABN AMRO, Ford Motor Company, IBM, and Belgacom. All of them have been on the 'e-HR road' for a number of years, and in a variety of ways. This case selection procedure is valid and appropriate since it is not this study's intent to generalize in a statistical way across all companies. The intent is to explore and, as a result, to make a start with theoretical generalization.

4. Conclusions

Based upon the research questions we can draw conclusions regarding the following three topics: (1) e-HRM goals in the companies, (2) types of e-HRM, and (3) e-HRM outcomes.

e-HRM goals

First of all, the three types of goals identified in our research model (efficiency/cost reduction; improving client service; improving HR's strategic orientation) were all observed in the case studies.

What seems to be new is that, especially in the international companies included in our study, a main goal for introducing e-HRM is the standardization and harmonization of HR policies and practices across all parts of the company. This was explained by the initiators in the companies as being necessary in order to strengthen the company's image as a global entity, not just an internationally dispersed one.

Types of e-HRM

Secondly, we found that there is a 'gap' between e-HRM in a technical sense (the available functionality) and the real use made of web-based HRM tools by employees, line managements, and HR. That means that, technically, e-HRM can have the intention of having a transformational (highly advanced) nature, but in practice (real use of tools) it can be of an operational nature (basic personal data management and use as an information source).

What has shown up clearly is that a company with HRM policies and practices that are of the bureaucratic type cannot just jump to a transformational type of e-HRM: other stages have to be gone through first. The cases in this study clearly suggest that it is impossible to 'jump' immediately to a transformational type of e-HRM without first going through operational and relational e-HRM stages.

e-HRM outcomes

Thirdly, during the period of our investigation, the overall realized outcomes of e-HRM in the companies studied were primarily a reduction of costs, mainly due to reducing the administrative burden; an improvement in client satisfaction with HR services; and an improvement in the perceived quality of communication within the organization. Changes, let alone improvements, in the competences and commitment of the workforce were very limited.

Alongside these main conclusions, we observed a number of additional aspects:

Firstly, e-HRM seems to be providing an important 'push': to put HR responsibility in the hands of the line manager. The introduction of e-HRM is accompanied by the decentralization of HR tasks and by the harmonization and standardization of HR processes.

For the HR department, introducing e-HRM shows itself to be a 'push-factor' for changing HRM within an organization: from a bureaucratic approach towards a market/clan approach.

Turning to the employees, the introduction of e-HRM brings changes in the way they experience HRM in their company and in the HR tools and instruments they get offered. They acquire the *opportunity* to get updated in terms of organizational dynamics, take part in online discussions, and choose their career path. However, not all employees are willing to accept full responsibility for their personal career development through the available web-based HR tools. Some (and the case studies suggest a specific group) require their managers to come up with career development initiatives.

Interestingly, in those companies that had an 'industrial' nature, PC availability in all 'corners' of the company and the PC skills of employees was found to be a crucial element in successful switching to e-HRM. Employees in the plants or factory (unlike those in offices) tended not have access, or at best only limited access, to online HR tools because of a lack of PCs or because of cost considerations. Perhaps one can speak of a cyber-division at the organizational level?

The implementation of e-HRM in international and global companies seems to be difficult in the sense that it is hard to convince the local HRM departments to contribute and to collaborate because it is difficult to make the advantages of e-HRM visible and tangible to them in the first place. To make local HRM professionals change their way of working is difficult. When implementing e-HRM globally it can be difficult to get the support of the relatively small components of the company.

When implementing e-HRM on a global scale it is not easy to make e-HRM appear advantageous on a local scale. That makes it hard to get local HRM professionals enthusiastic.

Guaranteeing the security and confidentiality of input data is an important issue for employees in order that they should feel 'safe' when using web-based HR tools.

Our final observation is that employees and line managers' mindsets need to be changed: they have to realize and accept the usefulness of web-based HR tools. They generally feel that they lack the time and space needed to work quietly and thoughtfully with web-based HR tools and so, if there is no real need, they will not do it.