HRMS - A STRATEGIC HRM PARTNER AND AN OPTIMISTIC PROFIT CENTER FOR AN ORGANIZATION

Vyas Yagneshnath J1*, Junare Shankarrao O2

1Lecturer & Research Scholar, SMMPISR, Kadi Sarva Vishwavidyalaya, Gandhinagar, India
2Dean-Management & Director-Institute of Forensic Science, GFSU, Gandhinagar, India

vyasyagnesh@gmail.com
junare.so@gmail.com

Abstract— In the current knowledge-base economy, technology is plays an effective role in crafting every business functions. Among different business functions, the Strategic HRM unit is identified to be as a most promising competitive differentiator enabling to attract top-talents, reduce employee turnover, improve skill inventory, enhance competence, improving upon job satisfaction ratio that leads to cost reduction and profit maximization. The top management has also started realizing the importance of HR Unit not to be as a Profit Center. The Strategic HRM practices are adopted and implemented to overcome organizational challenges like managing organization benefit costs, attracting and retaining core talent, reducing turnover, linking compensation to performance and other at global level. The HR personnel have transformed their roles from administrative to Strategic HRM. With this the new emerging key roles for HRM are Employee Advocate, Change Agent and HR Business Partner. Also technology adds value in improving the HRM practices. This paper introduces about the role of HRMS as a key business partner of strategic HRM to achieve financial goals of an organization. The features and functions of HRMS are well advanced with solutions available in Web & Mobility. Even Cloud Infra is recommended for organizations looking forward towards HRMS as their potential business partner. The paper discusses an insightful and conceptual knowledge about HRMS applications for efficient decision-support-system and a key HR-technology-partner to gain financial performance of an organization. Through this paper, the author advises to the organization to refer, utilize/ upgrade the applications of HRMS to achieve better outcomes of strategic HRM practices like skill inventories, absenteeism management, turn-over rate, retention rate, employee satisfaction rate, job analysis, succession planning and employee engagement. It is a clear objective to make aware about the need of advance features of HRMS to improve strategic HRM practices. The scope consists of the fundamental and conceptual understanding about HRMS application to support Strategic HRM practices. The secondary data and literature review are referred to put forward suitable findings that are achieved. This paper provides in-depth learning of HRMS for HR personnel who may further utilize the system to help organization increase its financial performance, productivity, employee development & satisfaction. It provides a guideline to the organizations that need HRMS for business growth by leading with Strategic HRM. The author adds value to the traditional system like HRIS and HCM, by appealing the organization to upgrade the existing HR system into HRMS for an HR to make feasible optimal decisions at routine. The pragmatic implications based on the primary data are still open for a researcher. In conclusion, it can be said that HRMS is an essential success factor for an organization.

Keywords: Strategic HRM, HR System, HRMS, competitive differentiator, technology-business-partner.

I. INTRODUCTION

Today the technology has become an essential support for different business functions of the organization. The existence of advance infra like cloud and technology in Web & Mobility has become a competitive differentiator for different business functions like HRM of organization, says Liang, You, & Liu (2010). From the resource-based theory of Wright and McManus (1992); Barney (1991), it is concluded that Human Resource and Information Technology are the two key resources that adds the value of the organizations’ other resources to improve its financial performance, also said by Bhuiyan, Mahbubur Rahman, & Osman Gani (2015). In reference of Maiorino (2014); Rietsema (2018) through this paper an author has made a sincere attempt to guide HR personnel and the top management of an organization about the applications of HRMS critical for the strategic business growth. Again it is found that many in the industrial market as vendors, consultants, marketing professionals and business analysts & developers seem to trade off the use of the terms HRIS, HCM and HRMS when promoting their HR System. There is a need to have clarity about these terms for its effective results and outcomes. This paper is designed conceptually to enlighten about these terminologies and to understand the monopoly of HR Technology Solutions in benefit to Organization Performance. At the operational level, HRMS includes all features of HRIS and HCM. The HRMS can monitor information of employees, applicants, and all employee specific records like qualifications, demographics, performance, training, payroll, recruitment, and retention, as said by Harris & Nelson (2007); Troshani, Jerram & Rao (2011). HRMS provides the operational efficiency to maintain & process the information at faster rate, with improved communications among employees, and higher quality of information, says Overman (1992); Aston, Li, Lowery, Johns, & Beadles (2005), that optimizes the HR operations and improves overall HR productivity, said Aston, Li, Lowery, Johns, & Beadles (2005); Dery, Grant, & Wiblen (2009); Wiblen, Grant, & Dery (2010); Troshani, Jerram & Rao (2011). Finally it can be said that, HRMS supports strategic HRM planning to get the right people with the projected skills, expertise, and core competencies in the relevant jobs on time and at the feasible cost. With this support an organization can definitely improve upon financial performance. The following literature review determines the importance of HRMS for strategic financial growth of an organization.
II. LITERATURE REVIEW:

Harris & Nelson (2007); Liang, You, & Liu (2010); Bhuiyan, F., Rahman, M. M., & Gani, M. O. (2015), said that today an advance technology has been used as a most promising competitive factor to support business functions for an organizational growth. Bharadwaj, Bharadwaj, & Bendoly (2007); Liang, You, & Liu (2010), have concluded that technology is a value-added component to support all types of resources and capability that finally boost up the firms’ performance. Adoption of advanced technology has transformed and improved the HRM functions within organizations, as argued by Eddy, Stone, & Stone-Romero (1999); Kovach & Cathcart (1999); Shrivastava & Shaw (2003). Today, many organizations have adopted HR System to support daily HR operations, as identified by Lengnick-Hall & Moritz (2003). While, Chugh (2014) mentioned that HR System optimize the workload and nullifies repetitive administrative tasks. As concluded by Aston, Li, Lowery, Johns, & Beadles, (2005); Black & Porter (2007); Maier, Laumer, Eckhardt, & Weitzel (2013); Slavić & Berber (2013), after all, HR Systems like HRIS/HCM/HRMS, improves the efficiency of HR business process. The HR System helps in strategic HR operations and decisions that further improves job satisfaction, says Maier, Laumer, Eckhardt, & Weitzel (2013). Maier, Laumer, Eckhardt, & Weitzel (2013) concluded that to support administrative as well as strategic HRM outcomes there is a need of HR System. According to Das & Ara (2015), to strengthen the strategic objectives of the organization and ensure accurate information to effectively support the HR decisions with minimum time and cost are the key reasons why HR System exists. Jun-Long Hong (2002) also said that the intellectual capital growth of an organization is positively affected due to HRMS. A study performed by Aston, Li, Lowery, Johns, & Beadles (2005), reflects the prospective benefits of HR System. Brown (2002) says that there is evidence that HR System can improve shareholder value. Kovach, Hughes, Fagan, & Maggitti (2002), says that an easy access to essential data will become an integrated part of many strategic decision-making process and it can bring a transparency among employees and employer.

III. OBJECTIVE

The objective of the paper is to make aware the organization about the applications of HRMS for strategic HRM practices. It is advised to vendors, industry professionals, consultants and academicians to clarify the understanding between terminologies HR Payroll, HRIS, HCM and HRMS. It is a sincere effort to inform the organization top management that HRMS can become a Profit Center if used effectively as a strategic HR business partner. It is suggested to HR practitioners to adopt/upgrade the HR System to achieve financial growth of organization. The research is mainly theoretical and conceptual based on the secondary data on HR System.

IV. NEED OF TECHNOLOGY SUPPORT FOR STRATEGIC HRM PRACTICES:

According to J & O (2018), to fulfill the organization business goal it is necessary that every business functions viz., human resources, marketing, finance and production operations are required to get transformed into strategic role.

In Figure 1, HRMS centralizes different HRM business key strategic functions like Talent Acquisition & Retaining, HRM Planning, Industry Relations, Learning & Development, Health & Safety at workplace, Compliance Handling, Compensation & Benefit, Employee Engagement, Succession Planning, design Creative Payroll, Job Analysis, Performance Management with Competence Mapping and to utilize the resources optimally in achieving financial business goals of an organization. From Figure 2, and as per Brown (2002) and Bersin (2017), the outcomes of strategic HRM practices could be an Improved Performance, Internal & External Customer Satisfaction and increase in Shareholder Value. Depending upon the type of industry and the expected performance, there can be a variation in operating strategic HRM practices. In relation to this Byremo (2015) has proposed three different categories of performance: (a) Market & Financials b) Operational and c) Employee Attitude & Behavior. HRMS as key strategic business partner of HRM can play a beneficial role to achieve this performance regularly.
Transformation of workforce management from traditional towards strategic operations

<table>
<thead>
<tr>
<th>Managing Talents with Automation</th>
<th>Talent Management Integration</th>
<th>Robust Cultural Analytics &amp; Engagement</th>
<th>Team Performance &amp; Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectively Managing Talent</td>
<td>Efficiently Managing People</td>
<td>Team &amp; Workforce Management</td>
<td></td>
</tr>
<tr>
<td>Real-time and Practice-Driven solutions</td>
<td>Resource Empowerment solutions</td>
<td>Profitability-driven results &amp; solutions</td>
<td>Performance 2018+</td>
</tr>
</tbody>
</table>

Figure 2. Transformation of workforce management from traditional to strategic by Bersin (2017)

For supporting Strategic HRM practices, Maiorino (2014) has identified the different HR related technology system like Payroll Calculator, Human Resource Information System (HRIS), Human Capital Management (HCM) and Human Resource Management System (HRMS). With the shift from traditional HR practices to modern practices of Strategic HRM, the most suitable HR technology partner could be HRMS to support the key decisions of HRM and make organizations more efficient, cost effective and innovative. It has been advised by Bondarouk & Ruël (2008) that to achieve the desired HR Solutions for organization business growth, proper HRM technology system is required. According to Karikari, Boateng, & N. D. Ocansey (2015), with emerging role of HR as a Change Agent, Business Partner, and Employee Advocate, the use of technology has become mandatory to support strategic HRM decisions. Regular upgradation is also required for those organizations that have been using HR Technology System.

Different types of HRMS as proposed by Karikari, Boateng, & N. D. Ocansey (2015), and Singh (2014) are as below:

A. **Operational HRMS:**

It offers standard data structure to support traditional and repetitive HRM decisions. Mostly, the data design is accurate, structured, detailed and consists of internal information about conventional HRM practices. The features that it includes are Employee Information, Staffing, and Performance Management.

B. **Tactical HRMS:**

It supports the management key decisions related to HR functions like recruitment, learning and development, compensation plan, job analysis and design. The features that it includes are Recruitment, Learning & Skill Development, Compensation & Benefits and Job Analysis and Design.

C. **Strategic HRMS:**

It majorly supports top management to set short/long term vision for organization. The key features that it includes are Analytics for decision support system to management, HRM Planning for workforce management, Skill Inventories, Competency Mapping, Set KRA/KPA, perform HR Survey, 360/720 feedback system, Video Hiring and all features of HRIS and HCM.

V. **MODERN VIEW OF HRM TECHNOLOGY SYSTEM**

The HRM transformation from administrative to strategic role has become mandatory for any organization to grow consistently. The modern HR planning includes Creative Payroll, Retention, Talent Management, Absenteeism Management, Job Satisfaction, Employee Engagement, Equal Opportunity and all other HR functions that directly or indirectly contributes in achieving a financial performance of the organization. Cloud solutions for Web & Mobility based HR Tech Systems are easily available now. It can be utilized to support key decisions to gain productivity and optimize the cost of different business operations. In such case, HRMS can prove to be a ‘best of breed’ for the industry. As said by Rietsema (2018), the Mobility provides ON-TIME information and optimal solutions for task management at the fingertips of employees and managers that have further transformed the landscape of HR. SAP B1 and Odoo (Open Source Solution Framework) with HR modules prove to be a better feasible solution for MSMEs. For large enterprises it is advisable to upgrade from traditional SAP HR system towards SuccessFactors, Workday and Oracle PeopleSoft. The modern HRM Tech functions like Video Hiring & Conferencing allow managers to attract and acquire talent without geographical limitations.
VI. HRMS AS A KEY STRATEGIC DECISION SUPPORT PARTNER FOR HR

HRMS involves all administrative and strategic HR tasks like tracking & improving process efficiency, managing organizational hierarchy, and simplifying financial transactions. In relations to this Maiorino (2014); Rietsema (2018) stated that the enhancing role of HR being more strategic and to fit these needs the HRMS has evolved. Rietsema (2018) also stated that the acronym HRMS is sometimes used synonymously with HRIS (Human Resource Information System), as HRMS includes all functional features of HRIS. Necessary upgradation and rebranding by many organizations has been done to justify the indistinguishable system for strategic HRM. It is advisable to adopt HRMS for strategic HRM Operations in an organization to gain financial performance in better way. Still, a common query resides from all the buyers that: “Which is a Right Solution among: HRIS, HCM and HRMS?” In reply to this query, it can be said that mostly all businesses can benefit extremely from any of these HRM Technology Systems but the right selection of the product must be completely based on effort into need identification.

VII. HRMS TECHNICAL MODEL:

As observed by Aggarwal & Kapoor (2012) that basic model of any HRM Technology System includes three set of components as defined below:

A. Input subsystem:

This is an initial subsystem to receive a data for input processing, research and analytics for Strategic HRM practices. The input data can be transformed into the required reporting format for betterment of decision.

B. Database Storage and Maintenance:

All the data and information are stored in server. The data and information as stored in server can be utilized to perform the HRM transaction and maintenance process.

C. Output subsystem:

It consists of all type of analytics and reporting formats related to strategic HRM which is further used to take decisions based on organization goals.


A. Strategic Integration:

As said by Ordonez de pablos (2004); Katou & Budhwar (2006); Troshani, Jerram & Rao (2011) that HRM Technology System plays an important role in improving HR Planning and Operations for betterment of organization performance. According to Boateng (2007); Troshani, Jerram & Rao (2011) the HR System also supports to design and execute strategic policies and procedures for HR Manager to accomplish business goals.

B. Human Resource Analysis:

Modern HRMS have better UI/UX Analytics features like Dashboard and advanced reporting formats that supports the HR Manager and Top Management to get all information quickly and easily which further helps to take better decisions on time. Again taking right decisions on time reduces the cost of operations and improves profit.

C. Personnel Development:

According to Dessler (2013), with this function, an organization identifies skill-gap of an employee; accordingly, plan for the most appropriate learning and development pedagogy to improve skill sets. Employee performance, appraisal, feedback, job analysis, skill inventory, competence mapping and career path development like activities can be accomplished through suitable HR System, says Lippers & Swiercz (2005).

D. Knowledge Management:

Knowledge management is an important objective of HRMS. By directing learning and development within an organization HRMS makes vital contributions in knowledge management. According to Argyris & Schon (1996); Mayfield, Mayfield & Lunce (2003), HRMS facilitates learning feedback that enables organizational change, intra organizational communication effectiveness, on time and right decision-making.
E. Communication and Integration:

An appropriate HRMS involves an effective communication mechanism suitable for internal and external customers of an organization, says Mayfield, Mayfield & Lunce (2003).

F. Forecasting and Planning:

HRMS supports strategic HR planning by identifying needs based on work force supply and demand and requirements and forecasting, says Lippert & Swiercz (2005).

G. Records and Compliance:

This function provides critical data for knowledge management to meet both legal requirements specifically to mandate retention, and to represent the data aligned with other strategic functions of HRM, says Mayfield, Mayfield & Lunce (2003).

HRMS plays an important key role to contribute into strategic HR Operations, says Gupta, (2013); Jahan, (2014). Different areas within organization are also benefited, categorized as below:

A. Benefits for Top Management:

The top management people can efficiently help to take strategic decisions, improves profitability and supports cost reduction, helps to design and achieve long term vision with transparency and supports talent acquisition and retention process.

B. Benefits for HRM:

Transparency nullifies human error and all employees can have central and secured access information, a trusted digital system with information is available on time and accurate for planning strategic decisions, improves legacy system and helps reducing HR operational cost and increases HR efficiency.

C. Benefits for Employee:

Optimize the routine operational time, information mobility and secured with advance technology infrastructure, timely notifications to manage regular business transactions and evaluation of individual performance, knowledge management that leads to effective and improved skill via need base training and development.

IX. ORGANIZATION PERFORMANCE WITH HRMS:

Clark (2000) concludes in his study that the financial indicators like sales growth, profit maximization and market share are used most often by organizations to measure financial performance. Jia-Chi Huang (2000) positively defines the inter-relationship between HRMS and Organization performance. Even Shareholders value can be improved by suitable HR system, says Brown (2002). A suitable HR System like HRMS helps into optimizing cost and profit maximization in HR Operations; the return on investment (ROI) and specifically improves the productivity within the HR departments, as concluded by Mayfield, Mayfield, and Lunce, (2003). It is also said by Lippert & Swiercz (2005); Troshani, Jemmar & Rao (2011), that success of an organization stays upon the performance of HRMS. Hence, the organization performance can be achieved based on three measurement indicators like Customer Satisfaction, Employee Satisfaction, Market Share and its effectiveness and Profit Maximization. All three measurement indicators are effectively supported by HRMS to achieve organization business growth.

X. HRMS TO BE A PROFIT CENTER FOR STRATEGIC BUSINESS GROWTH, BY S. (2009).

Before, the top management had an inclination to view their HRM Unit to be as a “cost center”. As a result, HR personnel were mostly relegated to administrative operations which as again considered as “overhead cost”. Especially MSMEs were lacking with strategic operations as almost maximum efforts of HR personnel was into handling recruitment and other administrative task like payroll calculation. However, the myth of HR being a cost center have forced the top management to accept the HR unit as the most competitive differentiator enabling to attract top-talents, reduce employee turnover, improve skill inventory, enhance competence, improving upon job satisfaction ratio that leads to cost reduction and profit maximization. Adding value to this, the consultants from industry and academia, have been influential in shaping up a modern strategic role of HR. As a result of this corporate-wide change, organizations have realized their employees as valuable “assets”, whose main outcomes are “productivity”, “quality service with customer satisfaction” and “knowledge and skill expertise”. HR Personnel have transformed into strategic and plays a key role in overcoming the challenges in managing organization benefit costs, attracting and retaining core talent, reducing turnover, linking compensation to performance and driving the automation of its HR & business processes with self-service and other HRMS components. With the support of HRMS the HR personnel can encourage
corporate profitability concepts into better reality. However, the achievement of results being not very easy there can be many hurdles still to be overcome like selecting and quantifying information in the form of human capital management metrics and analytics plotted over a specific timeframe. The metrics includes: total compensation; employee productivity; turnover ratio; employee performance and satisfaction; reduce cost; performance index of an employee; skill inventory of employee, etc. The metrics provides a top management to better understand human capital policy tightly linked with productivity, organizational efficiency and profitability. More importantly the top management has started believing in HR department and they value the contribution that employees make to the overall organization success. However, still the organization like MSMEs will require some enlightening. Organization top management understands that HRMS vendors and HR unit need to do a better job to aware the employees on how human capital management practices and organization success are linked integrally. HRMS being more than for benefit cost, for instance, high employee satisfaction and a reduction in turnover translates into significant improvement in the cost and higher profitability giving more clarity about strategic image of HR System to the top management.

XI. CONCLUSION

Reference of S. (2009), with an increased competition along with rapid technological advancement, organizations need better Web & Mobility with Cloud Solution. The HR system must be cost-effective, scalable, and easily maintainable as a way to enable managers and executives to take strategic business initiatives with Managers Self-Services (MSS) and motivate employees to monitor their own progress via Employee Self-Services (ESS). Self-Services modules will provide a transparent platform between employee and employer which will further improve the ownership & responsibility towards achieving greater profitability. Implementing HR System will definitely save the administrative workloads. As HR personnel will look to achieve strategic business value by carefully mapping people, process and strategy were Web & Mobility with other advanced technology support will play an important role of strategic business partner for HRM.

REFERENCE:

The functions of the Organization are information management, and human resource management.


S. (2009). How HR Departments Can Leverage HRMS & HRIS Technology To Become Strategic Profit Centers. CompareHRIS.