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Study of Use of e-HRM in Performance Appraisal Process in IT Organizations

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Abstract: Today's working climate demands a great deal of commitment and efforts from employees, who in turn naturally expect a great deal from their employers. Today, Human Resource (HR) is not treated as a single function. It's a collection of highly specialized capabilities-each with distinct objectives, tasks and needs. Organizations have realized the growing importance of using Information Technology (IT) in leveraging their Human Resource (HR) functions. This takes the form of e-HRM (Electronic Human Resource Management). The e-HRM revolution relies on cutting edge information technology, ranging from internet-enabled Human Resources Information Systems (HRIS) to corporate intranets and portals. This paper investigates the use of e-HRM in performance appraisal as one of the Human Resource Function in IT organizations. Human Resource Development (HRD) is the framework for helping employees to develop their personal and organizational skills, knowledge and abilities. Performance appraisal is about improving performance and ultimate effectiveness. Employees are encouraged to look ahead to improve effectiveness, utilize strengths, minimize weaknesses and examine how potentials and aspirations should match up. The study provides insights into implementation of e-HRM with reference to performance appraisal. It discusses the impact of e-HRM on appraisal process. It attempts to identify implications for future research in this field.

Keywords: Human Resource (HR), Information Technology (IT), Electronic Human Resource Management (e-HRM), Internet-enabled Human Resources Information Systems (HRIS), Performance Appraisal, Human Recourse Department (HRD)

Introduction

Behind every successful organization are its resources. One of the main important resources of the organization is 'HUMAN'. An organization's success hinges both on 'high touch' and on 'high tech'. Organizations who have been striving for business excellence have realized that the core of any business excellence programme has always been 'people'.

Successful growing organizations have placed the combined development of information technology and human resources as their top priority.

The performance appraisal is the process of assessing employee performance by way of comparing present performance with already established standards which have already been communicated to the employees, subsequently providing feedback to employees about their performance level for the purpose of improving their performance as needed by the organization. The very purpose of performance upgrade is to know performance of employee, subsequently to decide whether training is needed to particular employee or to give promotion with additional pay

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hike. Every corporate sector uses performance appraisal as a tool for knowing about the employee and take decisions about particular employee.

IT companies have started using information technology in their Human Resource Management functions to optimize their management and improve their efficiency. This paper explores the role of Information Technology (IT) in HRM precisely in the performance appraisal function of IT organizations.

Theoretical Framework

Before an objective performance appraisal system can be developed, one must first perform a job analysis[6] to determine what tasks are actually performed on the job, the standards to which these tasks need to be performed, and the knowledge, skills, abilities, and other characteristics necessary, in order to adequately perform these tasks. Job analysis is the systematic, empirical process of determining the exact nature of a job, including:

- The tasks and duties to be done;
- The knowledge, skills and abilities necessary to adequately perform these; and
- The criteria that distinguish between acceptable and unacceptable performance.

Job Analysis

According to DeCenzo & Robbins (2006)[1], "Job analysis is a systematic exploration of the activities within a job. It defines and documents the duties, responsibilities and accountabilities of a job and the conditions under which a job is performed. Job analysis is the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of this analysis are job descriptions and job specifications. Hence, job analysis can be described as a process of collecting information about a job. The results of a job analysis are typically used in writing job descriptions and setting standards for use in performance appraisals.

Performance appraisals[6] need to be based on the tasks that are actually required to be performed on the job rather than on some general impression of the performance of the employee.

Dr. U.S.S. Shrivastav and Nimisha Sapra[2] in *IJRIM,* Volume 2, Issue 4 have focussed on performance appraisal. They quote that performance appraisal is a widely recognized process. Yet, efforts to study and examine its effect on attitudinal outcomes are scarce. The present study has addressed this research gap. The study has contributed to the body of knowledge on automation of performance appraisal process and thus is benefiting the HRM practitioners and HRM scholars.

Armstrong and Baron (2005)[3] recommend following points:

- Training should be provided to both the evaluators and the employees.

- Transparency in the implementation of the system.
- Provision of continuous feedback to employees on their performance.
- Disciplinary measures should be taken on supervisors who do not provide continuous feedback to employees.

e-HRM[4] activities are:

Fig. 1: e-HRM activities

Many companies make use of web-based technology to evaluate the performance of an individual. This can be done either using the computer monitoring tool, wherein the complete working of an individual can be recorded, or through writing the reviews and generating the feedback on the employee's performance using the web portal.[5]

Research Design

Objectives

- To take the review of performance appraisal process implementation in e-HRM software.
- To study the automated processes used to streamline performance reviews and appraisal processes.

Scope of Study

- This work is confined to study the appraisal process present in the organizations. It also visualizes real time scenarios in industry. It explores some of the merits and demerits in existing system.

Research Methodology

Method Used

A sample of 50 companies was selected for conducting the survey.

Sources of Data

Sample method is useful for data collection. The types of data collected were:

1. Primary data
2. Secondary data

Primary Data

Respondents for the survey were selected HR department employees including HR Executives, Sr. HR Executives, HR Managers and other HR team members. After receiving the questionnaire, fully filled and valid questionnaires were selected for further research.

Questionnaires

130 questionnaires were distributed to HR Executives, Sr. HR Executives, HR Managers and other HR team members.

Secondary Data

Secondary data was collected from past records and manual of the company, books, internet etc. It is the data already collected, which is made available for reference purposes. In my research, the secondary sources used are: various files and records maintained by organization, HR manual.

Sample Size

121 questionnaires were considered out of 130 and Random Sampling Method is used for research work.

Hypothesis

Performance Appraisal function is benefitted by the use of e-HRM in HR department.

Data Analysis

Use of e-HRM Software for Performance Appraisal

Table 1: Use of e-HRM Software for Performance Appraisal

Sr. No.	Choice	Count	Percentage
1	Yes	91	75.21%
2	No	30	24.79%
	Total	121	100.00%

Based on the above table, data following graph is depicted:

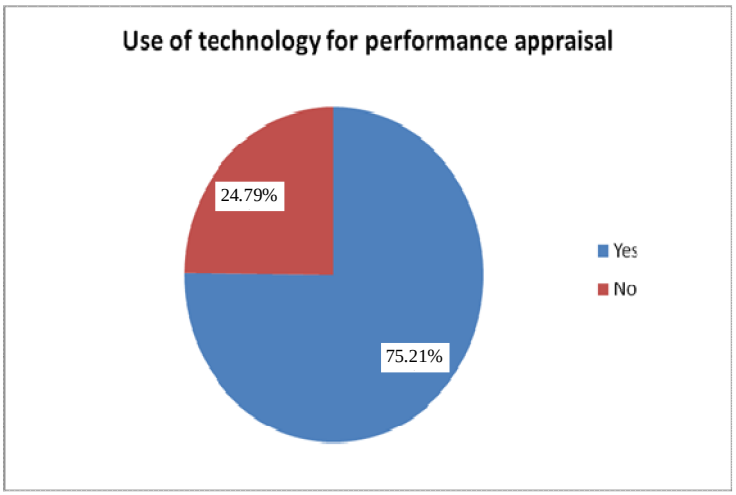


Fig. 2: Use of e-HRM Software for Performance Appraisal

Observations

- From the above statistics, it shows that due to extensive use of information technology, appraisal process becomes easier to execute. In order to reduce the work pressure as well as for perfection in the appraisal process, use of software is appreciated.
- More than 75% responses have been received regarding the use of technology in appraisal process of an employee.
- 24% responses opine that technology is not used for employee's performance appraisal process.

Providing Report on Ongoing Feedback

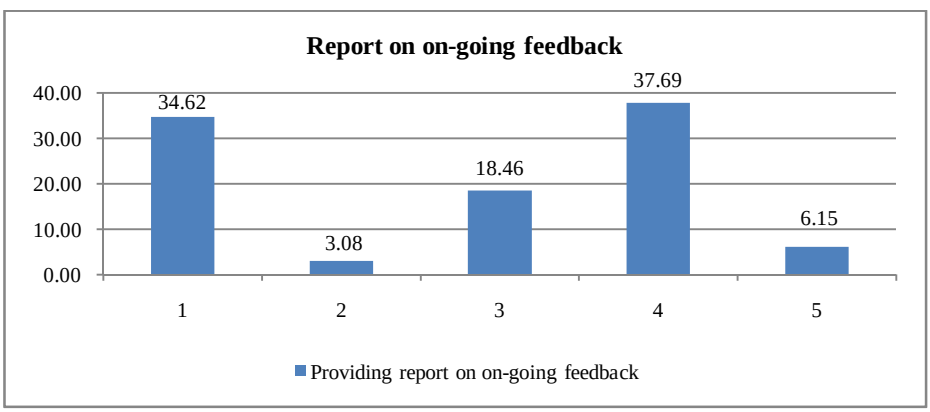


Fig. 3: Providing Report on Ongoing Feedback

Observations

- The goal of ongoing feedback is to identify where performance is effective and where performance needs improvement. Giving and receiving feedback is a two-way street; both the manager and the employee should be proactive by frequently seeking out and providing feedback.
- e-HRM software can generate the reports on ongoing feedback of the participants.
- The above graph indicates various responses received from e-HRM software on ongoing feedback of the participants.
- From the graph, it is clearly seen that more than 37% respondents say that they 'strongly agree' on responses received from e-HRM software on ongoing feedback of the participants.
- More than 3% respondents say that they 'disagree' on responses received from e-HRM software on ongoing feedback of participants.
- 18% respondents have given neutral opinion.
- More than 6% respondents say that they 'strongly agree' and more than 7% respondents disagree on ongoing feedback of the participants.
- Here the graph indicates that in total, more than 34% respondents entered 'strongly disagree' option for on ongoing feedback of the participants.

e-HRM Software Generates Report on whether the Employee Fits within the Organization

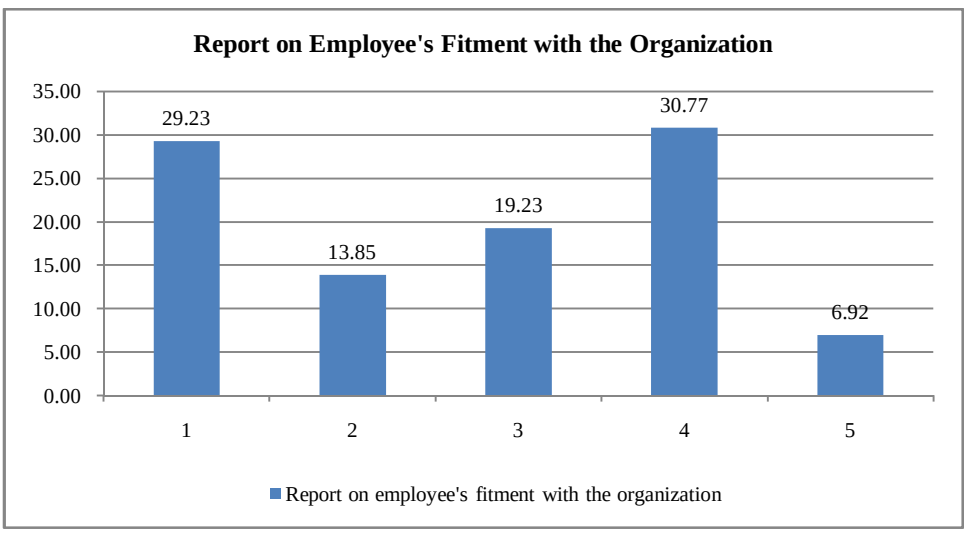


Fig. 4: e-HRM Software Generates Report on Whether Employee Fits within the Organization

Observations

- e-HRM software can generate the report on fitment of the employee in the organization.
- The above graph indicates various responses received from e-HRM software on fitment of the employee in the organization.
- From the graph it is clearly seen that more than 29% respondents say that they 'strongly disagree' on fitment of the employee in the organization.
- More than 30% respondents say that they 'agree' on fitment of the employee in the organization.
- 19% respondents have given neutral opinion.
- More than 6% respondents say that they 'strongly agree' and more than 13% respondents 'disagree' on fitment of the employee in the organization.

Analysis of Various Statements Related to e-HRM Software

Here, many questions were raised regarding various functions of e-HRM software which uses technology in appraisal process. These functionalities are discussed as under:

e-HRM Software Enables us to Complete Appraisal on Time

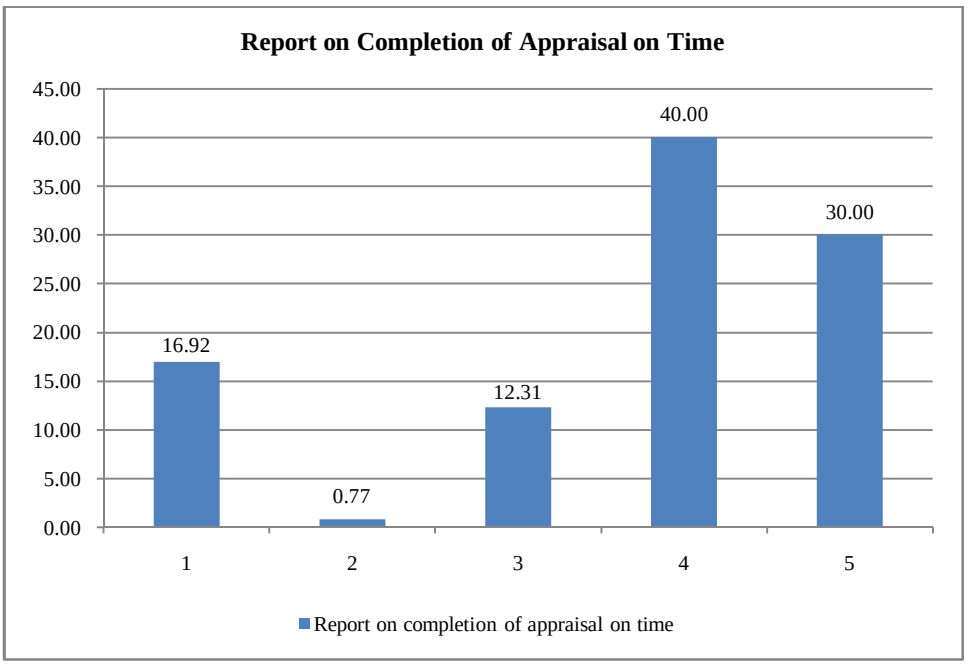
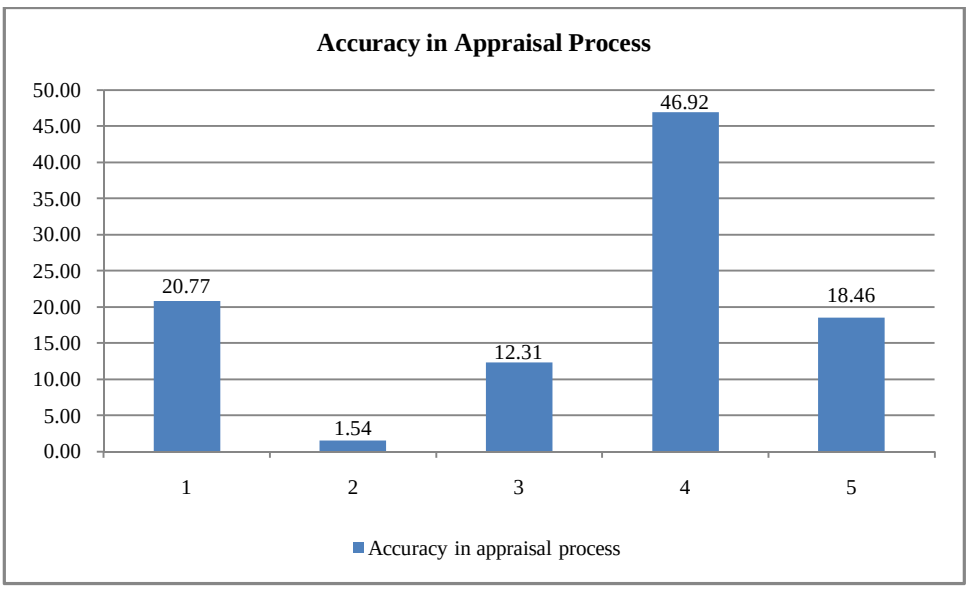


Fig. 5: e-HRM Software Enables us to Complete Appraisal on Time

Observations

- The above graph indicates responses received regarding opinions about e-HRM software helping in completion of appraisal process on time.
- From the graph, it is clearly seen that more than 30% respondents say that they 'strongly agree' on the e-HRM software helping in completion of appraisal process on time.
- More than 40% respondents agree on the e-HRM software helping in completion of appraisal process on time.
- More than 12% respondents have given neutral opinion.
- More than 16% respondents say that they 'strongly disagree' on the e-HRM software helping in completion of appraisal process on time.
- About 17% of the respondents say that they 'disagree' on the e-HRM software reporting on superior-subordinate relationship.
- About 0.7% of the respondents say that they 'disagree' on the e-HRM software helping in completion of appraisal process on time.
- From this analysis, it is clearly observed that 70% of the respondents agree on the opinion that e-HRM software is helping in completion of appraisal process on time.

e-HRM Software Guarantees Accuracy in Appraisal Process



Graph 6: e-HRM Software Guarantee Accuracy in Appraisal Process

Observations

- The above graph indicates responses received on e-HRM software which helps in getting guaranteed accuracy in appraisal process.
- From the graph, it is clearly seen that more than 46% respondents say that they agree on e-HRM software's help in getting guaranteed accuracy in appraisal process.
- More than 18% respondents say that they strongly agree on e-HRM software's help in getting guaranteed accuracy in appraisal process.
- 12% respondents have given neutral opinion.
- More than 20% respondents say that they are strongly disagree and more than 1% respondents are disagree on e-HRM software's help in getting guaranteed accuracy in appraisal process.
- The above analysis of the data indicates that more than 65% of the respondents say that they agree on e-HRM software's role in getting guaranteed accuracy in appraisal process.

Interpretations

Performance Appraisal function is benefitted by the use of e-HRM in HR department.

Test Statistics

Chi Square = $\sum [(O - E)^2 / E] \sim (m-1)(n-1)$ degrees of freedom

Where,

O = Observed frequency, n = Number of columns

E = Expected frequency, m = Number of rows

Observation:

Table 2

Oi	Ei	Oi-Ei	(Oi-Ei)2	$(Oi-Ei)^2$ /ei= Chi sqr
39	36.10461	2.89539	8.383283	0.232194
39	36.20906	2.79094	7.789346	0.215121
38.33333	36.20906	2.12427	4.512523	0.124624
38	34.53787	3.46213	11.98634	0.347049
32.5	33.60944	-1.10944	1.230857	0.036622
36	36.20906	-0.20906	0.043706	0.001207
9.75	11.57266	-1.82266	3.322089	0.287064
12.28571	11.57266	0.71305	0.50844	0.043935
12.33333	11.60614	0.72719	0.528805	0.045563
10.95	11.07047	-0.12047	0.014513	0.001311
11.13	10.77288	0.35712	0.127535	0.011838

Table 2 (Contd.)…

…Table 2 (Contd.)

10	11.60614	-1.60614	2.579686	0.222269
19.55	18.87818	0.67182	0.451342	0.023908
18.85714	18.9328	-0.07566	0.005724	0.000302
21.16667	18.9328	2.23387	4.990175	0.263573
10.07692	18.05897	-7.98205	63.71312	3.52806
23.33333	17.57352	5.75981	33.17541	1.887807
18.25	18.9328	-0.6828	0.466216	0.024625
34.25	39.1626	-4.9126	24.13364	0.616242
36.14286	39.27589	-3.13303	9.815877	0.249921
38.52	39.2759	-0.7559	0.571385	0.014548
49.6	37.46316	12.13684	147.3029	3.93194
21.66667	36.45609	-14.7894	218.7269	5.999737
50.65	39.27589	11.37411	129.3704	3.293888
17.5	23.90695	-6.40695	41.04901	1.717032
14.14286	23.97611	-9.83325	96.69281	4.032881
19.66667	23.97611	-4.30944	18.57127	0.774574
22.93	22.86952	0.06048	0.003658	0.00016
22.5	22.25475	0.24525	0.060148	0.002703
38.25	23.97611	14.27389	203.7439	8.497789
				36.42849

Number of rows = 6

Number of columns = 5

(m-1) * (n-1) = 5 * 4 = 20

Level of Significance

Chi-Square tabulated at 1% level of significance = 37.566

Inference

Chi-Square calculated = 36.42849

Chi-Square tabulated is greater than Chi-Square calculated for 1% level of significance. Hence the hypothesis is tested and accepted.

Conclusion

1. Unique feature observed in the e-HRM software that it helps in reducing the work pressure as well as provides perfection in the appraisal process. There is provision of submitting the appeal after appraisal process through software.
2. e-HRM software reduces paperwork and easily monitors and executes performance appraisal process.
3. Appraisal process becomes easier to execute.
4. Use of software is appreciated in appraisal process. HR department employees thus can focus on core HR functionalities more effectively.

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