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HR Information Systems

Key concepts and terms

- e-HR
- Functionality
- Intranet
- Enterprise resource planning (ERP) system

- HR information system (HRIS)
- Self-service

Learning outcomes

On completing this chapter you should be able to define these key concepts. You should also know about:

- Reasons for using an HRIS
- Features of an HRIS

- Functions of an HRIS
- Introducing an HRIS

Introduction

An HR information system (HRIS) is a computer-based information system for managing the administration of HR processes and procedures. Tannenbaum (1990) defined an HRIS as any system that helps an organization to 'acquire, store, manipulate, analyse, retrieve and distribute information about an organization's human resources'. Kettley and Reilly (2003) defined an HRIS as 'a fully integrated, organization-wide network of HR-related data, information, services, tools and transactions'.

The term 'e-HR' refers in more general terms to the use of computer technology within the HR function.

Reasons for introducing an HRIS

The CIPD (2007d) survey established that the top 10 reasons for introducing an HRIS were:

1. To improve quality of information available.

2. To reduce administrative burden on the HR department.

3. To improve speed at which information is available.

4. To improve flexibility of information to support business planning.

5. To improve services to employees.

6. To produce HR metrics.

7. To aid human capital reporting.

8. To improve productivity.

9. To reduce operational costs.

10. To manage people's working time more effectively.

The functions of an HRIS

The functions that an HRIS can perform (its 'functionality') are set out below. They cover almost every aspect of HRM.

The functions that an HRIS can perform

- absence recording and management;
- employee surveys;
- e-learning;
- expenses;
- job evaluation;
- intranet;
- manager and employee self-service;
- online recruitment;
- payroll administration;
- pensions and benefits administration;
- total reward statements;
- employee records;
- employee turnover analysis;
- equal opportunity modelling;
- HR planning and forecasting;
- knowledge management;
- manage diversity;
- metrics and human capital reporting;
- online performance management systems and 360-degree feedback;
- pay reviews;
- reward modelling.

The CIPD survey found that the 10 most popular uses to which respondents put their HRIS were:

1. Absence management.
2. Training and development.
3. Rewards.
4. Managing diversity.
5. Recruitment and selection.
6. Other (usually payroll).
7. Appraisal/performance management.
8. HR planning.
9. Knowledge management.
10. Expenses.

Features of an HRIS

The features of particular interest in an HRIS system are the use of software, integration with other IT systems in the organization, use of the intranet and provisions for self-service.

Use of software

It is customary to buy software from an external supplier. There is a choice between buying a 'vanilla system' (ie an 'off-the-shelf' system without any upgrades) or customize the supplier's system to meet specified business requirements. Extensive customization can make future upgrades problematic and expensive, so it is important to limit it to what is absolutely necessary.

If an external supplier is used, the choice should be made as follows:

- research HR software market through trade exhibitions and publications;
- review HR processes and existing systems;
- produce a specification of system requirements;
- send an invitation to tender to several suppliers;
- invite suppliers to demonstrate their products;
- obtain references from existing customers, including site visits;
- analyse and score the product against the specification.

Integration

Enterprise resource planning (ERP) systems integrate all data and processes of an organization into a unified system with the same database. HR systems are not frequently integrated to this extent, although they often link payroll administration with other HR functions. As the CIPD (2005b) pointed out, integration of the HR system with IT systems in the wider organization so that they can 'talk to one another' will aid human capital reporting, comply with supply-chain partner requirements, improve profitability, reduce headcount and deliver against economic criteria. However, many HR functions retain stand-alone systems, because they believe integration would compromise their own system, potential lack of confidentiality and the cost and perceived risks involved.

Intranet

An intranet system is one where computer terminals are linked so that they can share information within an organization or within part of an organization. The scope of the information

that can be shared across terminals can be limited to preserve confidentiality and this security can be enhanced by using passwords. HR intranet systems can be used for purposes such as updating personal details, applications for internal jobs online, requests for training, access to e-learning, administration of queries and communication.

Self-service

A human resource self-service system (HRSS) allows managers and employees access to information and the facility to interact with the system to input information or make choices of their own. This can operate through an HR portal (a site that functions as a point of access to information on the intranet) that may be specially designed to produce a brand image of the HR function. This is sometimes referred to as a business to employees (B2E) portal.

For managers, self-service means that they can access information immediately. This might be HR metrics (human capital reporting measures) in such areas as absenteeism, personal details, performance management data, learning and development progress, and pay (as a basis for pay reviews). They can also input data on their staff. This facilitates the devolution of responsibility to line managers and reduces the administrative burden on HR.

Employees can also access information, input data about themselves, request training and apply for jobs online.

Introducing an HRIS

The steps required are illustrated in Figure 62.1.

The following tips on introducing an HRIS were provided by respondents to the CIPD survey.

SOURCE REVIEW

Tips on introducing an HRIS, CIPD (2005b)

- Make sure you really know what you need now, and what you are likely to need in the near future so you can give clear guidelines to the software provider.

- Involve end-users and other stakeholders in the decision-making process.

- It's useful to include a member of staff with IT expertise on the decision-making team, even if they're not HR professionals.

- Go for something clear and straightforward that adds value. Don't go for all the 'bells and whistles'; they may cost more, take more time to administer and you will probably end up not using them anyway.

● Evaluate the range of systems on offer in terms of how they report, and how easy and quick it is to produce the types of report you need on a regular basis. Look at how reports are presented; can you download them into an Excel spreadsheet or into Access so that you can manipulate the data yourself? How easy is it to do a mail merge with the information reported?

● When buying an off-the-shelf system, don't customize it unless it's critical. Each time the system is upgraded, it's these modifications that may cause you difficulties. If you do have modifications, budget for these to be managed on an ongoing basis.
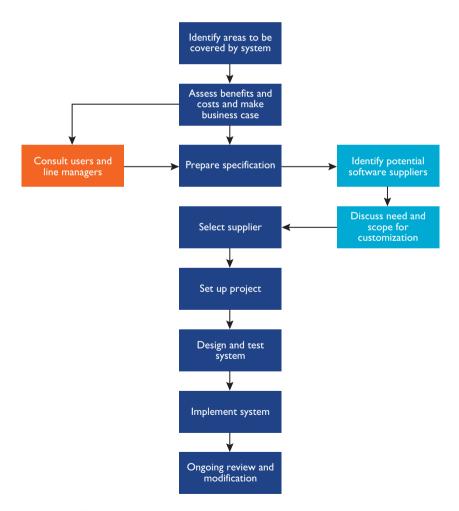

Figure 62.1   Introducing an HRIS

HR information systems – key learning points

Reasons for using an HRIS

Top five reasons are (CIPD, 2007d):

1. To improve quality of information available.

2. To reduce administrative burden on the HR department.

3. To improve speed at which information is available.

4. To improve flexibility of information to support business planning.

5. To improve services to employees.

Functions of an HRIS

Top five uses of an HRIS (CIPD, 2007d):

1. Absence management.

2. Training and development.

3. Rewards.

4. Managing diversity.

5. Recruitment and selection.

Features of an HRIS

The features of particular interest in an HRIS system are the use of software, integration with other IT systems in the organization, use of the intranet and provisions for self-service.

Introducing an HRIS

See Figure 62.1.

Questions

1. What are the main reasons for having a comprehensive human resource information system?

2. What are the five most popular applications of an HRIS?

3. What is self-service and why is it important?

References

CIPD (2005b) *People Management and Technology: Progress and potential*, CIPD, London

CIPD (2007d) *HR and Technology: Impact and advantages*, CIPD, London

Kettley, P and Reilly, P (2003) *e-HR: An introduction*, Report No 398, Institute of Employment Studies, Brighton

Tannenbaum, S (1990) HRIS: user group implications, *Journal of Systems Management*, **41** (1), pp 27–32