The Impact of Human Resource Information System (HRIS) on Organizational Effectiveness: A Case Study of the Textile Industry in Thailand

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ABSTRACT

Human resource information system (HRIS) has potential benefits to improve organizational performance. The purpose of this exploratory study is thus to investigate the impact of HRIS on organizational effectiveness. The textile industry in Thailand is taken as a context of the study as it faces many challenges in this globalization era. One of the industry’s dilemmas is about worker conditions and the scarcity of workforce. A questionnaire survey was conducted during December 2012-March 2013. About 354 questionnaires were mailed to the random sample drawn from the Textile Directory (2006). A total of 63 usable returned questionnaires were obtained. Descriptive statistics were used to analyze the obtained data. The findings reveal that the sample respondents perceived that HRIS has a positive impact on organizational effectiveness with respect to human resource processes, time savings, cost savings, information effects, decision making and strategic impact of HR role.

KEYWORDS

HRM Practices, Human Resource Information System (HRIS), Organizational Effectiveness, Questionnaire Survey, Survey Instrument, Textile Industry, Thailand

1. INTRODUCTION

The economic environment is changing rapidly due to globalization and deregulation of markets, changing customer tastes and preferences and investor demands, and ever-increasing product-market competition. Organizations must overcome these threats and seize new opportunities by enhancing their performance through reducing costs, innovating products and processes, and improving quality, productivity, and speed to market. Human resource department is one of the important departments in organization that affect organizational performance (Becker and Gerhart, 1996). It develops the skills, knowledge and abilities needed by firms through its human resource management (HRM) practices and available information technology.

In the last decade, information system is used to effectively improve organizational performance in various functions and departments including human resource (HR) department. HR Department employs human resource information system (HRIS) to support many activities in terms of identifying potential employees, maintaining complete records on existing employees and creating programs to boost talents and skills of employees. Senior management has used HRIS to identify the manpower supplies in order to achieve the strategic goals and sustainable business plans. HRIS assists middle
management to monitor and analyze the recruitment, allocation and compensation of employees. HRIS is employed by operational management to track the recruitment and placement of the employees. HRIS supports numerous HR practices functioning as workforce planning, staffing compensation programs, salary forecasts, pay budgets and employee relations as well (Bal, Bozkurt and Ertermsir, 2012). Consequently, HRIS has an effect on organizational effectiveness.

This exploratory study investigates perception on the impact of HRIS of the employees who are involved in human resource management. It asks whether HRIS affects organizational effectiveness in Thai textile industry. To measure this, survey questionnaire was conducted to collect data from employees in the textiles companies. This paper has five main sections. Following the first section which is the introduction, relevant literature of HRIS and organizational effectiveness is reviewed and discussed. The third section presents the methodology of this study which includes the measurement development, the research sampling frame, how data were collected, and reliability of the questionnaire items. The empirical findings related to information system (HRIS) and organizational effectiveness are then presented and discussed in the fourth section. Finally, conclusion and some recommendations are given.

2. HRIS AND ORGANIZATIONAL EFFECTIVENESS

Various authors including management researchers, economists, consultants, professional managers, entrepreneurs, business professionals and researchers, politicians and constituencies are concerned about organizational effectiveness issue (Thibodeaux, 1996). They have defined the meaning of organizational effectiveness in different ways. According to Lee and Choi (2003), organizational effectiveness is one of the approaches to appraise organizational performance. Cummings and Worley (2009) defined organizational effectiveness as an indicator to measure organizational development which is a process in behavioral knowledge and practices that assist organizations to reach the superior performance. In sum, organizational effectiveness is considered a measurement of the desirable organizational performance. Batra (2006) measures impact of IT on organizational effectiveness with organizational flexibility, process, structural and performance variables. In the study, organizational effectiveness is measured by employee satisfaction, customer orientation, and financial and growth performance.

Before the information technology is available, employee information was arranged in a simple way. For instance, the report which employee provides to a prospective employer is presented in a paper application. This information becomes a general profile of employees which consists of, name, sex, age, social security number, employee’s address, education, marital status (in some cases), employment history, and so on. This would be stored in a folder for HR department to enter as essential. While the employee was employed and organized on the payroll, some selective information is provided to customs by the finance department for payroll and taxes purposes. During the working time, the extra information of employee would be put in the file. Normally, employee concerned was required to keep updating their own records whereas the employer was the crucial maintainer of the entire related information of records of employee. Most employers observed the information in some crucial cases but they did not make use of it for a strategic purpose. Furthermore, each employee joins a company at different time, grows with different steps in his or her occupation and then leaves the firm due to different reasons (Kovach and et al., 2002).

In 1960s, personnel management automated the payroll, benefits administration and other transaction processing applications such as employee record holding. In 1980s, IT comes up to assist HR professionals to supply services. This has an effect upon all HR practices (Hendrickson, 2003).
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