

## Chapter 4.4

# Adoption and Success of E-HRM in European Firms

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### INTRODUCTION

Fairly recently numerous technological applications have emerged, claiming to cover nearly every “traditional” human resources management (HRM) activity; not only complementing it, but often even substituting it (Martin, Alexander, Reddington, & Pate, 2006). In order to meet the demands of today’s knowledge-based economy, companies must maximize the potential and productivity of their employees, a goal towards which HRM information systems in general and e-HRM in particular could help. Some of these applications even claim that they can achieve

synergies that were not possible before, by integrating all the HRM functions under one software suite, and combining results and feedback from all their different applications. In this article, we study the adoption of e-HRM in Europe, looking at three main elements: the extent of e-HRM deployment, the characteristics of the companies that adopt e-HRM, and the level of satisfaction from the system.

### BACKGROUND

The term e-HRM was first used in the 1990s and refers to conducting HRM activities using the Internet or the Intranet (Lengnick-Hall & Moritz,

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2003). As the term was inspired by the popular term of e-commerce, it wrongfully adopted the “e-” prefix, signifying “electronic.” Since e-HRM is very specific to the use of the Net, a more accurate term would be “online HRM.” Although e-HRM is particularly Web-oriented, a total e-HRM system may include enterprise resource planning software (ERP), HRM shared service centers, interactive voice response systems, manager and employee portals, and Web applications

Strohmeier (2007) defines e-HRM as the application of information technology for networking and supporting at least two individual or collective actors in their shared performing of HRM activities. He notes that in e-HRM, technology serves both as a medium, connecting spatially segregated actors, and as a tool for task fulfillment, as it supports actors by substituting for them in executing HRM activities. E-HRM is considered to have the potential to lower administrative costs, increase productivity, speed response times, improve decision making, and enhance customer service, thus helping HRM to become more strategic, flexible, cost-efficient, and customer-oriented (Shrivastava & Shaw, 2003).

According to its primary focus, three functions of e-HRM have been identified (Lengnick-Hall & Moritz, 2003; Walker, 2001):

- Publishing of information. It involves one-way communication from the company to the employees or managers. In this form of e-HRM, the company uses the Intranet as the primary information delivery medium
- Automation of transactions, with integration of workflow. In this form of e-HRM, paperwork is replaced by electronic input. Intranets and Extranets are used, frequently combining several different application programs.
- Transformation of the HRM function. In this form, e-HRM liberates the human resources function from its operational focus and redirects it toward a strategic one.

Under this form, HRM takes up the following tasks: partnering with the line, creating centers of expertise, and service center administration. This form of e-HRM is rare even in countries like the USA, which are very advanced in HRM (Lengnick-Hall & Moritz, 2003; Walker, 2001).

Another classification of e-HRM is based on the advancement of the tools it uses, in comparison with traditional HR. This distinction has been expressed in three generations of e-HRM (Evans, Pucik, & Barsoux, 2002), namely:

- 1<sup>st</sup> Generation of e-HRM: It involves initial attempts to exploit e-HRM. Those are predominantly transactional, using Intranet or electronic means to speed up service delivery or to reduce costs. Examples of this are payroll processing and providing of training information so that people can satisfy their skill development needs on a real time basis.
- 2<sup>nd</sup> Generation of e-HRM: It involves qualitative changes and improvements in the way HRM services are offered. For example, when 360° feedback is performed online, new possibilities for multiple appraisals open up. Another example is e-recruitment and the potential for Intranet-assisted open job markets. Such tools allow one to undertake things that were not feasible previously, such as benchmarking the functional competencies of the firm.
- 3<sup>rd</sup> Generation of e-HRM: It means using technology to do things that could not be done before. An example would be the possibility to measure, on a regular basis, the energy that people put into their work.

The above categorizations can be presented using two dimensions: generation of e-HRM, signifying the extent of change/improvement it brings upon HRM in general, and the level of au-

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