Chapter 3.13
In-House vs. Off-the-Shelf e-HRM Applications

Nawaf Al-Ibraheem
KNET, Kuwait

Huub Ruël
University of Twente, The Netherlands & American University of Beirut, Lebanon

ABSTRACT

Companies new to the e-HRM technologies are overwhelmed by the dilemma of choosing either the ready-made, off-the-shelf e-HRM systems, or develop their own e-HRM systems in house in order to implement the e-HR transformation. Therefore, this research was done to shed some light on the differences and similarities between off-the-shelf e-HRM systems and in-house developed ones, with regards to some elements developed in a preliminary framework, such as the implementation and development approaches, e-HRM activities they facilitated, application types and characteristics, and e-HRM outcome and benefits. This comparison provided insightful information that could help companies make the most effective choice between the two systems. It was found through this research that factors such as continuous user involvement, effective communication, and strong change management are most considered by companies that develop e-HRM in house, while advocates of off-the-shelf e-HRM systems are most affected by success factors such as business process reengineering, planning and vision, and project management. Another finding was that increasing efficiency, providing customer-oriented service excellence, and improving self services were top goals accomplished by companies developing their e-HRM system in house. These findings, beside many other ones discovered in this research, would help companies decide which system best fits their needs and accomplish high levels of effectiveness gained from the transformation of their HR function to e-HR.

INTRODUCTION

Human Resources Management has always been the first business process to use the emerging technologies of the new era. As a matter of fact, Payroll Administration is known to be one of the earliest business processes to be automated (Lengnick-Hall and Mortiz 2003, p.365). Through the use of technology and information systems, human resources departments of companies around the world are able to use computers to log employees' data and interact electronically with them. These functions and more are offered to Human Resources personnel and other employees through what is called the *Electronic Human Resources Management*, or e-HRM.

Since the 1960s many firms (large and small) all over the globe have been implementing IT-based Human Resources Management applications in order to reduce the amount of associated costs. Ball (2001) pointed out that by 1998, 60 percent of the Fortune 500 companies used a Human Resources Information System (HRIS) to support daily HRM operations. The main benefits of HRISs are focused on improved accuracy, the provision of timely and quick access to information, and the savings of costs (Ngai & Wat, 2006 based on Lederer, 1984; Tetz, 1973; Wille & Hammond, 1981). For the human resources activities, e-HR has the potential to enhance efficiency by reducing cycle times for processing paperwork, increasing data accuracy, and reducing human resources workforce (Lengnick-Hall and Mortiz, 2003). Effectiveness can also be influenced by empowering both employees and managers to make better, accurate, and timely decisions (Lengnick-Hall and Mortiz, 2003).

HRIS started to be more internet-technology based since the second half of 1990's, where its aim was not only to support the HR department itself, but to target managers and employees' effectiveness. The term electronic Human Resources Management (e-HRM) was coined and has become a dominating label for HRM services delivered through internet-technology based applications. Ruël et al (2004) define e-HRM as a way of consciously implementing HRM practices, policies and strategies supported by or fully delivered through internet-technology based applications. Terms like Management Self-Service (MSS) and Employee Self Service (ESS) started to be used as well. The purposes of implementing e-HRM systems broadened in comparison to those connected to HRISs.

During the e-commerce era in the 1990s, the term e-HRM emerged to basically refer to conducting Human Resources Management functions using the Internet (Lengnick-Hall and Mortiz 2003, p. 365). Nowadays, many organizations are implementing e-HRM within the strategic design of their core businesses. Some Organizations require the use of standardized HR management tools such as payroll, employee benefits, recruitment, training, etc. These organizations mainly refer to off-the-shelf e-HRM solutions offered by third party such as Oracle, PeopleSoft, SAP, or IBM, where they perceive efficiency and fulfilment in these ready-made systems. Others require customized Human Resources Information Systems (HRIS) tailored to best fit their business's needs. One of the key advantages of in-house developed HRISs is that they save HR staff time in dealing with the elements of the application as they already know and understand the parameters of their own software (Thaler-Carter 1998, p.22).

One objective therefore becomes the main purpose of this research and that is to compare and contrast the in-house developed and off-the-shelf e-HRM systems with regards to their implementation, associated costs, usage, and effectiveness.

LITERATURE BACKGROUND

An essential step in e-HRM systems implementation is the decision whether to buy an off-the-shelf e-HRM software package (in many cases part of an Enterprise Resource Planning (ERP) package

Related Content

Objectives for Research, Development, and Introduction of Enterprise Resource Planning System: A Case Study in the Democratic People's Republic of Korea
Song-Chol Kim, Gwang-Nam Rim, Sun-Nam Jang, Chol-Song Kim, Yong-Rim Choi, Hyok-Song Jonand Yong-Jae Jo (2021). *International Journal of Enterprise Information Systems (pp. 44-68).*
www.irma-international.org/article/objectives-for-research-development-and-introduction-of-enterprise-resource-planning-system/268362

Design and Implementation of Multi-Agent Online Auction Systems in Cloud Computing
Hongyan Yu, Srikanta Patnaik, Shenjia Ji, Liguo Jiaand Tengxiao Yang (2017). *International Journal of Enterprise Information Systems (pp. 50-66).*
www.irma-international.org/article/design-and-implementation-of-multi-agent-online-auction-systems-in-cloud-computing/176391

An Adaptive Enterprise Architecture Framework and Implementation: Towards Global Enterprises in the era of Cloud/Mobile IT/Digital IT
Yoshimasa Masuda, Seiko Shirasaka, Shuichiro Yamamotoand Thomas Hardjono (2017). *International Journal of Enterprise Information Systems (pp. 1-22).*
www.irma-international.org/article/an-adaptive-enterprise-architecture-framework-and-implementation/185545

Managing Distributed Objects and Services
 (2013). *Business-Oriented Enterprise Integration for Organizational Agility (pp. 72-100).*
www.irma-international.org/chapter/managing-distributed-objects-services/75430

Mental Modelling Digital Aged Care and Service Management
Margee Humeand Paul Johnston (2017). *Enterprise Information Systems and the Digitalization of Business Functions (pp. 1-19).*
www.irma-international.org/chapter/mental-modelling-digital-aged-care-and-service-management/177336