IMPLEMENTATION OF HUMAN RESOURCE INFORMATION SYSTEMS: POSSIBLE PITFALLS AND HOW TO AVOID THEM

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ABSTRACT

A HRIS, which is also known as a Human Resource Information System or Human Resource Management System (HRMS), is basically an intersection of human resources and information technology through HR software. This allows HR activities and processes to occur electronically. Though the organization may invest in Best-of-Breed software, or even develop one, proper implementation of HRIS is crucial as it decides the success or failure of the system. There are several steps in implementation process and studies show that organizations come across various pitfalls in implementation process. These need to be handled meticulously or can jeopardize the entire project.

Based on the available literature, the author has identified common pitfalls in implementation process and developed a generic ‘ACCEPT’ model that largely tackles all the commonly identified pitfalls in implementation of HRIS.

Keywords: HRMS, HRIS

INTRODUCTION

A HRIS, which is also known as a human resource information system or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software. This allows HR activities and processes to occur electronically. A HRMS (Human Resource Management System) or HRIS (Human Resource Information System) is a form of HR software that combines a number of systems and processes to ensure the easy management of a business’s employees and data. These systems could deal with everything from payroll to performance evaluation, covering the whole business.

Human Resource Information Systems provide a means of acquiring, storing, analysing and distributing information to various stakeholders. According to Chugh, R (2014) HRIS enable improvement in traditional processes and enhance strategic decision making. Chugh, R (2014) states that the wave of technological advancement has revolutionized each and every space of life today, and HR in its entirety was not left untouched. Early systems were narrow in scope, typically focused on a single task, such as improving the payroll process or tracking employees’ work hours. Today’s systems cover the full spectrum of tasks associated with Human Resources departments, including tracking & improving process efficiency, managing organizational hierarchy, and simplifying financial
transactions of all types. In short, as the role of Human Resources departments expanded in complexity, HR technology systems evolved to fit these needs.

Implementation Process

Ideation

The first step of HRIS implementation is the inception of the idea. The need of the organization to have HRIS software must be realized and agreed by the top management. There should be some solid reasons for convincing the top management to invest in the project. Research shows that HRIS improves the performance of HR department and in general empowers the management to take appropriate and timely decisions by making quality information available to it from time to time.

Feasibility Study

Feasibility study aims to assess how viable or possible it is to develop or purchase and implement the HRIS. It basically studies three types of feasibilities,

a. Economic Feasibility: As this is an investment the feasibility of HRIS must be assessed. It covers the following areas
   i. Scope of the software
   ii. Future benefits after implementation
   iii. Potential software developers assessment
   iv. Cost estimate
   v. Value addition to business
   vi. ROI calculation A proper feasibility study will help the management to make the decision based on facts and figures. Ensuring budgeted cost, specific timeline

b. Technical Feasibility: It covers all technical aspects like IT infrastructure, software needed etc. needed to implement the HRIS.

c. Social Feasibility: In this, the impact of this HRIS on the people and the society is studied.

d. Legal and Ethical Feasibility: It checks if the system violates existing laws and regulations.

Putting Together the Project Team

Successful implementation largely depends on capability and effort of project team. It is always advisable to involve some member of the Tops Management who is in a position to get things done from all levels in the organization. This person should ideally head the Project Team. We must also involve the HR Manager who acts as the subject expert and has a clear understanding about the HR Policies and practices in the company.

Identifying and Evaluating Vendors

There are numerous vendors of HRIS in the market. The project team must identify certain vendors who provide all required functionalities at a price that is affordable to the organization. We must shortlist the long list of vendors after studying the available literature on them. We can also take feedback from other clients that are already using their product. We must ideally shortlist vendors to a number less than 5.

After this, the project team must invite vendors for presentation. The members of the Project Team must however do homework and come prepared to ask questions and share their exact requirements with the vendor. This will enable the team to arrive at the right decision and choose the right vendor.
Contract with the Vendor

After selecting the vendor, the company enters into a contract with the vendor. The contract must contain certain important points like:

- List of deliverables, guarantee and warranty, training related clauses, maintenance and support, availability of upgrades, payment terms and conditions, scheduling or time table of completion of activities etc.

Training

No system can be used optimally if the users are not trained. So, the company must train the employees/users of the HRIS so that the features of the system can be exploited fully.

Usually, Vendor is involved in the process of training. In fact training users and Implementation team is a major clause of the contract between vendor and the company. We can take advice from an independent consultant about this aspect too.

Customising System

No matter how well we select the HRIS, there are always some gaps between our requirements and the software. In order to fill the gaps, we can customise the system or we can modify the HR practices to fit in with the HRIS. Fine-tuning of the HRIS is needed to ensure that the system runs smoothly after implementation.

Testing the System

Through testing of the system is needed to make sure that the HRIS will be able to fulfill the objectives for which it was purchased. The Testing can be done in-house or third party can be involved to test the new HRIS.

Going Live

In this step, the HRIS is actually put to use. Data conversion and migration takes place just before the system goes live. We can use direct cutover, parallel run or phase-in method to implement the new HRIS.

Maintenance and Evaluation

Even After The HRIS Is Implemented, There Is A Possibility That Certain Bugs Are Found And Need To Be Repaired. This Is Called Maintenance. Maintenance Is An On Going Process Which Continues Through Out The Lifetime Of The HRIS.

After The HRIS Is Implemented, We Need To Evaluate If It Is Delivering The Results That We Had Envisaged. This Is Mainly Done To Justify The Investment In Terms Of Finance, Time And Efforts Put In The Design, Development And Implementation Of The HRIS.

Possible Pitfalls

There have been many examples of companies in the past that have not been able to implement HRIS successfully. Research is clearly required to broaden understanding about success and failure of Information systems, and it is in this interesting situation that we wonder “Why some companies succeed and some fail?”

Dwivedi et al. (2015) states that “the answer to this question is multi-faceted and insights can be obtained by examining it through various lenses. One clear conclusion is that context matters, when researching IS implementation outcome.”

As HRIS involves considerable costs and involves lot of time, there is no scope for ‘trial and error’ approach. It has to be done right the first time. Based on the literature available in this regard, we can identify a few common pitfalls that companies find in the implementation process, which are;
Failure to Manage Change

Although a lot of literature exists explaining how to actually "manage" change in terms of needs, concerns, and opinions, most failure originate from the fact that management fails to identify that change is happening and its reason. The management and employees also often fail to assess the level of impact that change will have on individuals and HR Practices in the company. This further results in, the Management being clueless about what steps to take to support the change. Razali & Demetris Vrontis (2010), in their research based on HRIS in Mayasian Airlines, that had the main purpose of this research is to examine the main factors that contributed to the acceptance of employees toward the new HRIS implemented in the Malaysian Airlines System (MAS). The emphasis is on data collection based on employee perception, have clearly indicated that top management involvement and organizational commitment appeared as the two largest coefficients for the impact on the acceptance level of employees toward the planned change effort. Bovey & Hede, 2001 have observed that the basic problem of managing change is to prepare organizations for predicted challenges in the future. Studies have shown that it is natural for human beings to resist change of any kind. This natural defense mechanism should be expected and stem from anxiety and perceived disturbance of the status quo. Because of this, successful change management processes is needed, through which natural human behavior to react with resistance when confronted with organizational change, needs to be handled appropriately (Thite, Kavanagh, & Johnson, 2011).

Failure to Recognise Legitimate Requirements

Before we buy or develop HRIS, we need to chalk out the exact needs and expectations that we have from it. Many times, at the initial stage, the employees are not able to clearly identify their requirements. It is also possible that employees expect too much from the HRIS and are not able to distinguish between valid and invalid needs. Management needs to give sufficient time to this process, as if requirements are not identified properly, designing or buying the right software is out of question.

Lack of Proper Planning and Scheduling

Planning is the foundation of all activities. If planning is faulty, there is a very little chance that HRIS implementation will be successful. There are not only a number of steps in implementation of HRIS, but also a lot of diverse stakeholders are involved in the process. Each user group has different anxieties and requirements that need to be addressed through proper planning.

Planning means identify the exact requirements of stakeholders from the HRIS taking into consideration, both micro and macro-level needs. But, many times, professionals tasked with HRIS planning, system selection, and implementation only focus on the micro-level needs. Macro needs or the big picture is often overlooked. One common pitfall is hence failing to recognize the long-term strategic benefits that data systems can bring—choosing to focus instead on short-term, operational gains.

Failure to Define, Validate Quality of Data in HRIS

If Management aspires to make Quality decisions then, it needs to have quality information. Good quality information is the one that is complete, accurate, valid, reliable, timely, and useful in that context. Unfortunately, too often useless reports are mistaken for quality data, especially when it comes to data that originates from HR.

For example, retirement data could shed light on a specific period in which many people holding key positions in the company are about to retire. If that information isn't accurate, or doesn't allow for specific solution avenues, then those figures aren't very useful—and the quality of that data is under question. Once data cannot be relied upon, business intelligence, in turn, suffers.

This disconnect is one of the major mistakes for HRIS applications because poor quality data leads to misinformed business decisions, which can lead to operational inefficiencies, which can lead to damage to the brand, to customer satisfaction, and worst—revenues.
Failure to Manage Data Security

HRIS captures, stores, analyses and distributes data about employees and workers in the company. It stores data about workforce that is confidential and the company or the employees do not wish to share with anybody. Data security feature is present in most HRIS, but still data security issues are more prevalent and of critical concern with software as a service (SaaS) or cloud-based HRIS solutions. It can be seen that any HRIS that operates through the web gives up full control of protecting data to a contracted 3rd party this is due to the nature of cloud computing. This information relinquishment can in turn increase company exposure to liability. So, though implementing a cloud-based HR software solution is cost-effective, a breach in cloud-stored data is a serious issue. A system or technique designed for one country may not be effective in other country. Implementation issue across boundaries comes with the challenges of data privacy and data movement across boundaries.

Measures to Avoid Pitfalls

Based on the common pitfalls that companies come across in the process of implementation of HRIS, we can follow ‘ACCEPT’, as discussed under;

Adapt

There is no software, off-the-shelf or developed that will fully satisfy and fit into the business process model completely. HR should adapt itself to the changing environment and technology and should opt for sufficient and sustainable technological supportability of equipment and resources.

Even if we choose the best software, or even develop one, there can be a few gaps which have to be filled by reengineering HR processes or acquiring third party software. So, Flexibility and adaptability is extremely important for smooth implementation.

Collaborate

All stakeholders of the HRIS must be carefully identified. Each user group has its own business needs, strategic goals, and processes that the HRIS will have impact on. We also have to recognize that disparate stakeholders will have different views about what is needed from their vantage point. It is up to the steering committee and project team to determine how to meet both unit-level and organizational goals. We must create a climate that will foster collaboration and sharing of opinions and feedback among the stakeholders. Informal groups can be formed and brainstorming sessions can be arranged to elicit requirements, concerns and ideas related to HRIS implementation from the stakeholders.

Research done on the implementation of HRIS indicates that positive attitude and commitment of managers towards HRIS implementation is a key factors deciding its success Seif, Kagehi J. (2015).

Bunker argues, IS success (and failure) is a direct consequence of the effectiveness of collaboration and change management processes to mitigate the disruptive effects of IS implementation (see also Sherer et al. 2003). Hence, the respective change management methods used might explain why some implementations are a success, whereas others fail. Effectiveness of collaboration and change management is dependent on identifying key issues that impede multiple (and often diverse) organizational stakeholder engagement.

Communicate

To ensure the smooth implementation of the system, organizations must ensure the need to address the potential issues like calculating organizational impact and proper communication of the various training plans to the employees. Open and frequent communication also helps us to gather Feedback about the HRIS and helps us to monitor the implementation to analyse if the HRIS is meeting the objectives. Employees come from varied cultural and educational backgrounds and so they need to jell, for which communication is required. People fear change and resist it.

They fear about losing control, or that they will not be able to develop the newly required skills. When implementing significant change, leaders need to be aware of these defense mechanisms to develop,
promote, and implement appropriate strategies to cope with them. Thereby, some people tend to move through the change process rather quickly, while others may become stuck or experience multiple difficulties (Kotter & Schlesinger, 2008).

Past research shows that one of the major reasons for failure of Information Systems implementation is diverse backgrounds of stakeholders (Heeks 2006; Garrity 2001).

The multiple perspectives on IS requires future research to examine the different views of stakeholders involved in the implementation process (e.g. Garrity 2001).

**Establish**

Establishing of clear-cut procedures and policies that define data-entry, especially for the "core" HRIS software functionality areas becomes imperative for proper implementation of HRIS. We need however to be aware that any areas that involve self-entry or entry by users that are not fully trained, is a potential data corruption exposure area. So we need to stringently define when and how data will be validated, making sure to specify if outside vendors for this process will be used and how corrections will be made to any deficiencies.

**Participate**

Many times by clear communication and inviting active participation of the stakeholders in the process of implementation of HRIS helps in reducing the resistance to change. It also enables employees and other stakeholders to spell out their requirements from the HRIS clearly, thus helping in proper designing of the system. Hence, the Management should encourage stakeholders to participate in the process of implementation of HRIS.

**Train**

The changes in the workplace often require the implementation of additional training for workers. As training and development is generally the realm of the HR department, this creates yet another challenge for human resource managers. HR must first determine what training is necessary and then implement training measures to ensure all workers can keep up with technical changes. Human resource managers must also determine when it may train existing employees, and when it must search for new workers to fill technical positions within the organization.
CONCLUSION

Research shows that HRIS significantly improves the efficiency and effectiveness of HR department and HR decisions of a company. Research also shows that there have been several examples in the past where HRIS has failed due to inappropriate approach of its implementation. This paper attempts to summaries the available literature on implementation process of HRIS and pitfalls that companies commonly face in the process. The author has attempted to provide tips or measures that are helpful in avoiding the identified pitfalls.

REFERENCES