

## Usage of HR Technology: A Future Trend for HR Professionals

<sup>1</sup>Choi Sang Long and <sup>2</sup>Wan Khairuzzaman Wan Ismail

<sup>1</sup>Universiti Teknologi Malaysia (Utm), Malaysia, 19 Jalan Chandana, Kpg. Stanggi, 80250 Johor Bahru, Johor. West Malaysia.

<sup>2</sup>Universiti Teknologi Malaysia (Utm), Malaysia Jalan Semarak, 50400 Kuala Lumpur. West Malaysia.

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**Abstract:** This paper examines the role of Human Resource (HR) professionals as strategic partner and the competency they need to possess in order to execute this role. HR professionals as strategic partner have the responsibility to improve work efficiency and productivity in an organization. HR professionals can initiate change that helps to increase of the organizational performance. One main competency that is reviewed in this paper is HR technology. Base on the findings in the literature reviews, HR technology brings significant contribution to facilitate HR professionals to transform themselves as an administrator to a strategic partner. HR professionals for their inability to master the competency of HR technology inevitably create a barrier against them from becoming a well-integrated strategic partner.

**Key words:** HR technology, strategic partner, organizational performance, HR professionals.

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### INTRODUCTION

According to Brockbank and Ulrich, (2003) human resource (HR) technology is one competency that is critical to HR professionals. HR technology is fully embedded in so many aspects of business management and particularly in relation to human and organizational capital, enables HR professionals to speak the language of business in an environment that is increasingly technology-driven. The implementation of technology often leads to new ways of collaborating, organizing work, building teams and developing new knowledge and skills, and this can help further build organizational and human capital. Effective use of technology can help streamline processes that once took up a greater proportion of the HR function's time and energy, leaving more resources for the other strategic task (Schramm, 2008).

One of the important aspects of the changing environment especially relevant to management is the information revolution (Panayotopoulou *et al.*, 2007). According to Ulrich, (1997) an emerging HR practice area that will require investment of time, talent and resources is leveraging technology. Technology comes to the rescue in reducing the tension between the strategic and administrative role, as it has advanced to the point where it can remove part of the administrative responsibility (Ellig, 1997). Although HRM profession with its responsibility for enormous record-keeping, they need to be relevant in the usage of HR technology but very few studies have looked at the importance of competency level of HR technology (e.g. Ball, 2001; Hendrickson, 2003).

#### **Literature Review:**

##### ***Strategic Contribution of Hr Technology:***

Technology has been viewed by economists as a major contributor to the productivity leaps over the past decade, but with the growing emphasis on human capital as a driver of productivity in the knowledge economy, understanding the way these two factors interact with one another to boost productivity rates will be crucial to organizational success (Schramm, 2008). This will require HR professionals to have an in-depth understanding of technology. They need technology as a driver of employee productivity and as a way to assist in measuring the effectiveness of human capital interventions. Workforce analytics can track a wide variety of metrics, such as revenue and expense per employee, compensation, benefits, workers' compensation as a percentage of expense, cost of hire, time to fill, absence rates and more. (Schramm, 2008). Performance appraisal (PA) exercise for example can be conducted in a more productive way by using the corporate internet interface. This means that the manager and the employee are able to submit performance data directly to the HR department in electronic form. This practice reduces paperwork can impressively decrease time and cost for the HR department. The self-service application allows managers to immediately enter PA results and employees to manage their performance goals and results and plan their performance on their personal HR page (Adamson and Zampetti, 2001).

The use of technology to speed up and streamline the recruitment process is likely to be a key area of focus in the war for talent, and the Internet will continue to be the main tech driver related to recruitment in the years to come. The practice of online recruitment is one of the most widely discussed functions of e-HR. Online recruitment refers to posting vacancies on the corporate web site or on an online recruitment vendor's' website, and allowing

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**Corresponding Author:** Choi Sang Long, Universiti Teknologi Malaysia (Utm), Malaysia, 19 Jalan Chandana, Kpg. Stanggi, 80250 Johor Bahru, Johor. West Malaysia.  
E-mail: cslong\_1@yahoo.com

applicants to send their resumes electronically via e-mail or in some electronic format (Galanaki, 2002). The use of technology can also improve the sorting and contacting of candidates. The internet can ease the selection of employees, especially where long distances are involved. Video conferencing and online tests, for example, have been extensively used at the early stages of the selection process and can achieve spectacular cost and time savings (Panayotopoulou *et al.*, 2007).

According to the Conference Board, three out of five job seekers now use the Internet for job hunting (Barrington and Shelp, 2005). Better data mining software is also making it easier for employers to sort through the large numbers of applications to hone in on the candidates with the right skills needed for a particular job.

Using the internet in training and development is one of the mostly discussed aspects of HR technology and probably the one with the most potential in terms of cost benefits. The internet can be used in training needs assessment, in pure e-learning activity and in career management (Panayotopoulou *et al.*, 2007). E-learning technology continues to develop and become better integrated into overall tech-based human capital management systems. Another tech-related area in the training field that appears to be undergoing strong growth is the use of simulations. Improved technology is helping e-learning programs that use simulation as a learning tool become more realistic. These learning simulations help assuage the need to use the actual application environment and in this way save costs (Schramm, 2008). Depending on the industry and training need, the improvement in technology that supports learning simulations could eventually be a major training cost saver. American Society for Training and Development, many organizations see offering online education as a way to boost employee job satisfaction and retention. (Trierweiler and Rivera, 2005).

HR technology also allow employees to submit electronically their preferences in terms of benefit selection, reducing the burden for the HR department. Experience has shown that after the implementation of a self-service employee benefits system, employees may still be calling with benefit questions, confused about their choices and unable to grasp a broader rewards perspective (Dietch, 2001). Moreover, employees self-service allows them to take on or confirm their benefit claims, transfer request or stock management. The application usually notifies managers on the choice they need to make or verify about rewards of their subordinates and asks them to insert their decision.

#### ***The Direct Relationship Between the Use of Hr Technology, Strategic Partner Role and Organizational Performance:***

The shift from traditional HRM to the use of HR technology gives rise to several effects on the role of HR professionals. Usage of HR technology apart from substantial reductions in cost and time and transition of administrative activities from the HR department to the employees themselves, can bring about an increased emphasis on HR as a strategic business partner (Ensher *et al.*, 2002). However, Beatty (2001) argues that implementation of HR technology tools have the potential to transform HR into a strategic partner, but this transition would not come without difficulties. One main challenge is that many of such application does not come cheap and only bigger firms are able to afford to use it.

New research indicates that companies with the most high-performing HR function behave differently when it comes to the use of HR technology, and this may be the most convincing reason for HR professionals to improve their knowledge and skills in this competency domain. A recent study from a global business process advisory firm, the Hackett Group, found that a significant cost gap exists between world-class and typical companies. The result shows that the world-class companies spending 25% lesser than the typical companies. The high-performing companies examined for this study, also operated with 16% fewer HR staff (Hackett Group, 2006 cited in Schramm, 2008).

Panayotopoulou, Vakola and Galanaki, (2007) attempt to investigate the transformation in the role of the HR function in Greek firms, as a result of the use of internet and technology. This study examines and discusses the development of e-HR use in Greece and the reasons for adoption of e-HR practices focusing on strategy, process and HRM issues. Findings show that e-HR facilitates the transformation of HRM role into a more strategic one. Playing such role can definitely helps the organization to be more competitive. Furthermore, A study by Long and Wan Ismail (2008) on 32 HR professionals in Malaysia found that the role of strategic partner and employee champion are significantly related to firms' performance. This result indicates that HR professionals can contribute strategically to the organization and at the same time manage the employees' welfare and their morale effectively.

Ruel, Bondarouk and Looise, (2004) stress that cost reduction without loss of effectiveness or decline in customer service also seemed to be the main benefit of the use of HR technology in an empirical study of five large companies using Web-based human resource management. The findings indicate that the most significant way that the use of e-HRM brings down HR costs is through the elimination of administrative HR positions and by enabling HR professionals to spend more time on strategic decision-making that ultimately leads to more efficient HR practices that further save costs. As great as the impact of technology is on HR professionals themselves, one of its

most important outcomes may be that it allows non-HR professionals to get involved in some tasks that have traditionally been concentrated in the HR department. The development of self-service technologies for managers and employees to manage their benefits is one obvious example, but there are also other ways this is occurring (Ruel *et al.*, 2004).

Voermans and van Veldhoven (2007) in their research project on attitude towards electronic human resource management (E-HRM) was conducted in Netherlands among 99 managers and 257 employees within Philips Electronics. The result of the study shows that differences in perceived usability of current IT systems, as well as the preferred HR roles strategic partner (high preference) and employee champion (low preference), were related to a positive attitude towards E-HRM systems.

Ulrich (1998) argues that HR practitioners must make the transition from being strategic business partners to becoming contributors in their organizations. Boselie and Paauwe (2005) study find that the competency of HR technology is positively correlated with financial competitiveness. Ulrich *et al.*, (2008) study also support the above findings as skills that predict organizational performance include competencies relate to HR technology.

Dorenbosh *et al.*, (2006) examined the relationship between line - HR consensus and commitment strength among 671 employees from 66 hospitals departments from four Dutch hospitals. A multi-level analysis indicate that consensus between HR professionals and line managers on HR role is positively related to the commitment strength within a department. They further concluded that the collectivity of employee commitment to the organization is partly a factor that influence organizational performance. This indicates that HR professionals can only be successful as a strategic partner with the support from line managers. Both parties must work closely to contribute significantly to organizational performance.

#### ***Mediation Effect of Strategic Partner Role on the Relationship Between Hr Technology and Organizational Performance:***

Even with the mounting empirical studies that highlight the relationship between HR competencies and organizational performance, Caldwell (2010) argues that there is a missing gap in those findings. Caldwell (2010) study shows the importance of effective HR strategy-business strategy linkage that mediates the association of HR business partner development on HR business partner performance. The findings highlight the critical importance of the HR strategy-business strategy linkage, and raise important questions about the ability of HR business partners to develop this capability to enable them to contribute strategically to organizational performance. Caldwell argued that the relationship between HR competencies and HR roles has also proved to be an area of considerable controversy. Many HR competency models were explicitly designed with the programmatic intent of transforming HR practitioners into a new category of people manager with business knowledge: the 'HR business partner'. However, the association between HR competencies, the roles and the desired outcome of this relationship which is the organizational performance are not explained.

Davis (1989) developed the Technology Acceptance Model (TAM) argues that the purpose of the model is to achieve better insight in processes and outcomes of information technology implementations. In the TAM model, there are two mutually related factors that linked to the attitude towards IT. These two variables are behavioural intention to use the technology (IT system) and actual system is used (Davis, 1989, 1993). Therefore this model suggests that the relationship between attitude towards used of HR technology and actual system use to enhance organizational performance are mediated by behavioural intention to use this system. Application of this model is similar to the current research framework as behavioural intention of a person link closely with the role play by an individual in an organization. In other word, the overall quality output or service delivered by the application of HR technology is mediated by the strategic partner role plays by the HR professionals.

Base on the model of employee behaviour, Werner and DeSimone (2009) stress that an employee's KSAs (knowledge, skills and abilities) can produce a given behavior and that employee behavior has a direct relationship to organizational outcome that are obtained. Similarly, HR practitioners that possess the right competencies can seek to promote strategic involvement and play business partnering role in an organization, while helpful to the organization as a whole in achieving their business goals. Alternately, HR practitioner roles (intended behavior) may mediate relationship between certain competencies and organizational performance.

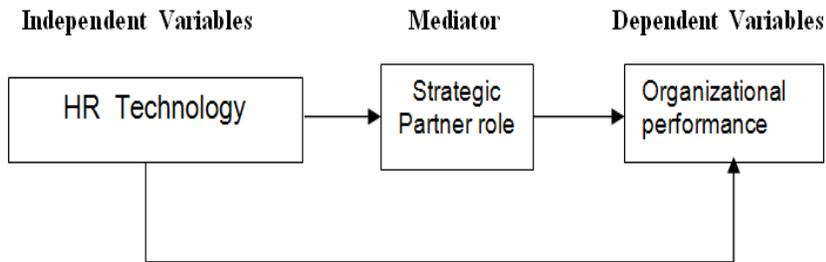
Bandura's (1986) self-efficacy and performance theory relates to individuals who believe in their capabilities and this belief serves as a self-regulating agent for their behavior and motivation. Self-efficacy determines the amount of effort, perseverance and resilience to be put on a task. The study by Stajkovic and Luthans (1998) support Bandura's claim and show that self-efficacy is strongly related to task performance and indirectly improve organizational outcomes. Application of this theory in this study can be described by the increase of self-efficacy among HR practitioners when they possess the right competencies to enable them to perform certain roles in their

organization thus bring positive outcome to the organization. In this scenario, HR role such as strategic partner plays as mediator to the relationship between competency of HR technology and organizational performance.

**Research Propositions and Conceptual Framework:**

This study would like to explore the linkage between competency of HR technology, HR role as a strategic partner and organizational performance as shown in the authors' conceptual model (figure 1). Therefore, propositions established state that:

- Proposition 1: Competency of HR technology will be positively related to organizational performance.
- Proposition 2: Competency of HR technology will be positively related to the role of strategic partner.
- Proposition 3: Role of strategic partner will mediate the relationship between HR technology and organizational performance.



**Fig. 1:** Research Conceptual Framework.

**Conclusion:**

Understanding and effectively using HR technology is now an integral part of the success of most HR professionals and will only increase in importance. In the tech-based future, creativity and new competency models are all considered necessary for HR professionals to succeed. HR professionals must closely monitor developments in HR technology and develop their competencies in this domain accordingly. A good understanding of the role technology plays in supporting human capital management is likely to be a key factor in determining the success of both the HR function and HR professionals.

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