

Efficiency of Human Resource Information System in Indian Banking Industry

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Abstract:

A system called the Human Resource Information System connects information technology and human resource management. It is commonly defined as a collection of software programs that handle planning, employee data access, and employer compliance with regulations as they relate to human resources. It makes it easier to integrate ICT, human resource management, and the fundamental tasks and procedures of human resource management. HRIS is becoming a vital component of the banking industry as a whole. The goal of this study is to investigate the many factors that are essential to the development of HRIS in banks. The growing use of HRIS (Human Resource Information Systems) in private and commercial banking is covered in the paper, along with its applicability. An device with technical capabilities for capturing and preserving employee-related data is the HRIS. Although people are still reluctant to officially adopt this technique, banks have accepted this approach of record-keeping and information storing. This study looks at how HRD and HRIS interact, what possible divisions and job assignments are in an HRD, and how HRIS impacts hiring practices, training and development initiatives, pay and benefit planning, and administration of personal assessments in Indian banks. Thus, the research emphasizes the necessity of Organizational Development (OD) activities while focusing on all the issues that hinder firms from being tech-friendly. Employee acceptance of change increases when OD treatments are successfully implemented, helping to overcome this reluctance. Success and employee satisfaction are contingent upon a well thought-out and organized transition. Information technology is now used for the vast majority of HR functions in the banking industry. The banking industry plays a critical role in promoting economic development. A number of banks have integrated an HRIS database system within their HR department in an effort to enhance human resource management.

Introduction

"A human resource information system (HRIS) is software containing a database that allows the entering, storage, and manipulation of data regarding employees of a company," according to Marcia Moore's definition. HRIS is the most significant transaction processor, editor, record keeper, and functional application system that forms the basis of all computerized Human Resources (HR) activity, according to Grobler et al. (2006). It keeps enough organizational, employee, and HR plan data to handle almost all HR operations. Giving precise and timely information to the system's "customers" is the main goal of the HRIS.

Because of the diversity of potential users, HR information can be used for operational, tactical, and strategic decision making (e.g., planning for needed employees in a merger), avoiding litigation (e.g.,

identifying discriminatory problems in hiring), evaluating programs, policies, or practises (e.g., evaluating the effectiveness of a training programme), and/or supporting daily operations.

Organizational charts, staffing predictions, skill inventories, absenteeism and turnover analysis, restructuring expenses, internal job matching, and other HR planning and analytical procedures are all made possible by HRIS systems. Among other crucial tasks, the HR department uses the HRIS system for availability analysis, labor utilization, application monitoring, and affirmative action plans. HRIS tools are beneficial for Staffing in the areas of recruiting sources, applicant tracking, job offer/refusal analysis, etc., in addition to these other areas. These days, information technology (IT) is used for the majority of HR functions in the banking industry. The banking industry plays a critical role in promoting economic development. United Commercial Bank Limited (UCBL), with 170 branches and 4,988 workers dispersed throughout 42 districts, is one of the nation's first generation private sector banks set against the backdrop of Bangladesh's Financial Sector Reform Policy. They have put in place an HRIS database system in their HR department in order to retain their vast workforce. This study employed easy sampling to gather data from structured and semi-structured questionnaires using Likert's five scales, with a particular emphasis on Indian private sector banks.

This study examines the relationship between HRD and HRIS, the divisions and job distribution within HRD, the impact of HRIS on hiring practices, training and development initiatives, benefits and pay planning, and the administration of personal assessments at banks. Even though the banks use HRIS, this study shows that the software does not enhance many important aspects, including time attendance, planning for succession, handling payroll, leave management, social assistance fund management, final settlement, evaluation of performance, and transfer management. Therefore, using HRIS software typically does not benefit banks or workers. Although HRIS appears to have a lot of promise, its use has not been fully realized; as a result, it is still unclear if HRIS will reach its full potential, especially in the banking industry (Beadles et al., 2005). The size and organizational structure of Indian banks vary, and the effectiveness of HRIS deployment would indicate this. Because of this, the current study is being carried out to fill a significant research gap.

Literature Review

At their 2003 research, Suresh Chander and Rajendran examined important aspects of consumers' perceived quality at banks in developing nations such as India. For the duration of the study, the authors included 15 public sector banks, 14 private banks, and 14 unknown institutions. According to the experts, there seems to be a remarkable difference in the services offered by the three groups of banks. They used core services like social responsibility, systematization of services, human component, and content of services as fundamental components. They found that while there appears to be a fundamental difference between the three groups of Indian banks in terms of administration quality variables, customers' perceptions of administration quality suggest that it may be OK as long as their needs are met accurately and on time.

According to Joseph and Stone (2003), banks have been using customer-friendly technologies like ATMs, web banking, and phone banking to increase customer loyalty and cut costs associated with providing

various forms of support. Technology plays a vital role in the delivery of financial administration. According to the analysis, ATM accessibility, location, security, and convenience provide the perception that they are the primary factor in banking clients' adoption of e-banking. Still, banks should emphasize more how quickly and effectively they can assist their consumers. Additionally, bank managers should oversee sporadic advertising studies to understand the level of creative services provided by the clients so that appropriate support can be provided on time.

On 2003, Yu and Boon conducted research and examined the effects of technology advancements on Malaysia's banking industry. A well-structured survey was used to get an accurate review. The results showed that, in contrast to faster delivery of financial services to the clients, electronic channels provide possibilities. They illustrated the need to separate investment costs prior to the acceptance of electronic channels like as ATMs, kiosks, and web banking in order to ensure a more efficient and effective implementation of e-channel services. The authors used element research and recurrence analysis to dissect Malaysia's corporate banks. The review's aftereffects demonstrated that, although item advancement and information improvement factors were found to affect the results of banking kiosks and telephone banking separately, bank executives' activity was the fundamental variable influencing the advancement of ATMs, PCs, and branch banking.

The profitability of electronic banking services for banks was investigated by Lustik (2004). The author conducted an investigation into the action based costing (ABC) execution techniques in order to analyze the cost structure for both traditional and electronic channel exchanges. The review's aftereffects showed that banks and their customers may save money by using electronic channels. The analysis revealed that banks can reduce and control some costs by using the ABC technique. Furthermore, it was discovered that the exchange costs did not decrease as quickly as expected following the introduction of electronic channels as the traditional channels could not be closed as quickly as the new electronic channels.

Using a modernist model, Michael et al. (2006) examined how e-banking affected traditional brick and mortar banks. The study saw essential tools to support banks in their transition to an online banking environment. Their skills may be divided into two groups that are related to the current action plan's design. They said that banks should support incredibly innovative products and services from one viewpoint and imaginative plans of action that have a significant influence on how banks operate from another. Eight core capacities, they reasoned—specialized unique capacities and business dynamic capacities—provided a blueprint for enabling a bank to benefit from e-banking.

Manoharan (2007) found in his research that the Indian banking industry is affected by the e-payment system's performance. According to the author, competition in the banking sector has forced banks to reevaluate how they conduct business. E-banking has so made it possible to locate alternative banking practices. The author of the research divided the Indian installment framework into three categories:

retail payment framework, big value payment system, and retail electronic framework. Each one integrates different e-installation lessons.

The author focused on the introduction of various Indian installment plans throughout the last three years, during which time RTGS became India's primary payment mechanism for large-scale payments. The author focused on the fact that, despite India's amazing potential for an e-payment system, 90% of transactions still relied on cash. Thus, efforts should be made to increase the use of e-installments, and the RBI should make efforts to strengthen the legal foundation of the electronic banking system.

The study conducted by Singh and Malhotra (2007) emphasized the elements that influence a bank's choice to provide online banking in India. The examination was dependent on banks that included private, public, and foreign banks for the 1997–2005 fiscal years. The review's conclusions include that large banks with high fixed expenses, top-level salaries, and use would often employ more technology. Web banking has been used by banks as a matching channel to the branch structure that already exists. Nevertheless, private and international banks adopted online banking more quickly than public sector banks. The way that various banks have reacted to this development has increased the possibility that an adjustment decision will be made, given that it has increased the efficiency and benefit of banks.

According to Suresh's (2008) research, banks have discovered previously unanticipated potential to structure their financial products, earnings, service delivery, and marketing as a result of the introduction of e-banking technology. The investigation's goals were to evaluate the distinctions between traditional and online banking as well as identify the essential skills for e-banking's most effective use. According to the author, e-banking will be beneficial if it preserves technological information and action plans, but problematic if it destroys both of them.

Techniques for Evaluation & Research Methodology

Objectives

- To identify the factors that affect HRIS efficacy in the Indian banking industry.
- Understanding the major factors that affect the efficacy of HRIS in banking sector of India.

Exploratory Factor Analysis

One method for condensing a large number of variables into a smaller number of components is exploratory factor analysis. By using this method, all variables' highest common variance is extracted and combined into a single score. We may utilize this score as an index of every variable to do additional analysis. While there are other approaches, principal component analysis is the most often utilized one for this kind of research.

KMO TEST

The table shows that the KMO statistics value is larger than 0.5, suggesting that factor analysis may be employed in the investigation. The p value corresponding to the chi square statistic indicates that the correlation coefficient matrix is significant, which is further supported by Bartlett's test of sphericity checking for the significance of the correlation matrix of the variables. The hypothesis that the correlation matrix of the variables is not significant is rejected by the p-value of 0.000, which is less than 0.05, the anticipated threshold of significance. The exhibit shows that there were 23 components total before extraction, and that only 9 factors with Eigen values larger than 1 remained after extraction.

Bartlett's sphericity test for correlated data

More formally, Bartlett's sphericity test is a test of whether the data are a random sample from a multivariate normal population $MVN(\mu, \Sigma)$ where the covariance matrix Σ is a diagonal matrix. Equivalently, the variables in the population are MVN and uncorrelated. In order to comprehend Bartlett's sphericity test, let's review basic correlation matrix fundamentals. Let us assume that $N > p$ observations and p variables make up the data matrix X . First, a correlation matrix's determinant is always inside the interval $[0,1]$. Only in cases when the columns' correlation matrix is the identity matrix does the determinant equal 1; otherwise, it equals 0. In cases where the data are linearly dependant, that is, where each column is equal to a linear combination of the other columns.

$$T = -\log(\det(R))(N-1-(2p+5)/6)$$

Bartlett (1951) demonstrated that this statistic has a chi-square distribution with $p(p-1)/2$ degrees of freedom under the null hypothesis that the data are a random sample from the $MVN(\mu, \Sigma)$ distribution where the covariance matrix Σ is a diagonal matrix. The Bartlett's sphericity test may be performed in SAS using the METHOD=ML HEYWOOD parameters and PROC FACTOR. The test is displayed in the ODS table of SignifTests. The data represent a sample from an uncorrelated MVN distribution, according to the null hypothesis. You reject the null hypothesis if the test's p-value is less than your significance threshold (e.g., 0.05). Utilizing a dimension-reduction strategy in this situation might be helpful in locating a linear subspace that accounts for the majority of the variation in the data. The data are not very correlated if the sphericity test's p-value is higher than your significance level. Using a dimension-reduction approach is not beneficial.

To sum up, the test is called a "sphericity test" because it forms a spherical point cloud using data samples from an MVN distribution and a covariance matrix of the type $\sigma^2 I$. The instance of a covariance matrix where each variable has an identical variance is the main focus of Bartlett's study. This problem and the other "homogeneity of variance" problem—Bartlett's HOV test for ANOVA—are comparable in that regard.

Conclusion

Due to their strategic value, human resource information systems are currently a widely used human resource practice in developing nations. However, even though "human resource information systems" is a promising development and there is a significant demand for its integration into the banking and financial sectors, managers and end users must be involved for a human resource information system to be implemented successfully. Managers must also be aware of the technological adoption that their competitors and industry leaders are making in their organizations. The prompt adoption of human resource information systems would provide an organization with a competitive advantage over its competitors. The study comes to the conclusion that the following factors collectively affect the efficacy of HRIS (Human Resource Management System) in the Indian banking sector: Workforce Management, Employee Development, Organizational Efficiency, the worker Advantage, Achievement Management, Human Resource Management, Time Management, and Training and Development.

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