

**Driver of E-business implementation and object of change: A research framework for e-HRM.**

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**ABSTRACT**

Internet technologies such as the World Wide Web (WWW) and internal company intranets are powering the e-business revolution confronting contemporary organisations. These technologies are challenging organisational leaders to rethink the way they do business with consumers and with their suppliers. Business-to-business (B2B) and business-to-consumer (B2C) applications offer organisations substantial growth opportunities and many organisations are in the process of realigning their strategies to incorporate these technologies. Internal organisational communication practices, business-to-employee (B2E) and employee-to-employee (E2E), are also being impacted by Internet technologies. The integration of the Internet into the supply, retail and internal activities of organisations can have transformational impact upon the organisation with substantial disruption in existing work environments and culture [4].

In addressing the strategic change associated with e-business transformations, human resource management (HRM) advocates have argued for an important role for human resource practices in aligning the behaviour of people to the organisation's business objectives [10]. Indeed, many commentators have noted that the successful adoption of the internet into existing businesses is less about money and technology and more about management and human resource practices [9] [8]. However, the relationship of HRM and the Internet is unlike other operational and support areas of the organisation because human resource practices are both levers of change and targets of change from internet technologies. For example, recruitment and selection (R&S) has an important role in attracting people into an organisation who have the necessary skills and knowledge to implement internet strategies while at the same time R&S activities are being profoundly influenced by the internet [11]. The increasing utilisation of information technology (IT) in HRM, which is referred to in this paper as e-HRM, reflects the general drive for efficiency within internal operations of organisations [6] as part of a wider e-business agenda.

Given this characteristic of HRM as both driver of change and subject of e-business change, the question must be asked, whether IT involvement in the operational of HRM has implications for HRM's strategic effectiveness? Specifically, does the focus on efficiency improvements associated with e-HRM adversely impact its role to carry out its aim to effect strategic implementation? The answer to this question has implications for contemporary organisations since HRM plays an essential role in implementation of technology as part of e-business strategies.

In this paper, I will explore the unique challenges of the HRM/technology interface building on prior theory

development, and suggesting a research framework. Three streams of theoretical research touch on the e-HRM question posed. The first is from the strategic HRM literature that suggests human resource practices and activities should be aligned with each other so that they support each other in their impact [2]. From this view human resource activities contribute most when configured to support each other in a consistent way [3]. For example, performance appraisals that emphasise team behaviours and team-based compensation and rewards, contributes towards supporting team-work behaviours more than either in isolation. The threat is that constructive configurations may become uncoupled by web-enabling some functions in isolation. For example, embracing online recruitment has presented a common problem for many organisations of receiving a large number of applications for positions that overload human resource departments that maintain non-electronic filtering processes. Thus while seeking speedier R&S in order to compete in attracting talent other areas of the HRM function may be understaffed and so hinder the HRM department's overall capacity to contribute to strategy.

The second theoretical stream, which suggests that e-HRM may handicap its strategic influence stems from the global nature of organisations. Cultural differences in globally dispersed offices can result in local operations pursuing human resource practices that reflect their particular cultural and social circumstances [1] [7]. The use of e-HRM allows the standardisation of practices and monitoring by the central office. Some would argue that this is consistent with strategy since head office is able to better monitor and control human resource practices throughout the firm. However, standardisation tends to reflect cost benefits which, while contributing to overall strategic aims in the short-term, may produce decline in effectiveness of HRM in regional offices in the longer term. For example, upward feedback is a typical performance methodology in US based organisations and this is often insisted upon in their geographically dispersed regions. However, employees in Asian regional offices may find it difficult to assess their managers due to their respect for authority embedded in their cultures [7]. To prevent loss of face of poor assessment of manager's evaluations may be inflated thus defeating the purpose of the performance appraisal system. These face saving but inaccurate evaluations may have a ripple effect on other integrated human resource functions such as rewards and development.

The final theoretical stream relates to recent studies [5] [6], on the increasing trend for outsourcing of HRM activities which have highlighted the development of virtual-HR within firms. Virtual-HR refers to the network of structures built on partnerships and typically mediated by information technologies to help organization acquire, develop, and deploy intellectual capital" [6, p.216]. Thus

IT plays an important role in development of virtual-HR through promoting consideration of outsourcing options. However, outsourcing decisions are generally made on grounds of lowering costs with limited attention to the strategic implications of such actions. As firms outsource their human resource activities, "they may find themselves locked into specific arrangements, making it difficult to adapt to changing organizational needs. and erode HR's internal ability to execute activities critical to competitiveness" [6, p.221]. Thus e-HRM environments, while promoting and sustaining these outsourcing relationships, may also contribute to strategic impotence of HRM.

These three theoretical streams, the configurational, the global and the architectural, raise interesting issues associates with the development of e-HRM. These issues will be further elaborated using a number of brief case examples will be used to highlight the areas of concerned raised above. These issues will be used to develop a research framework to better understand the unique challenges of the internet-HRM interface.

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