

# Studying the impact of Human Resource Information Systems on Private Banks in India – A Review

Shifa Khan<sup>1</sup>, Dr. Sucheta S. Yambal<sup>2</sup>

<sup>1</sup>Dept of Management Science, Babasaheb Ambedkar Marathwada University, Aurangabad

<sup>2</sup>Assist. Professor Dept of Management Science, Babasaheb Ambedkar Marathwada University, Aurangabad

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## ABSTRACT

The study discusses the expanding usage of HRIS (Human Resource Information Systems) in commercial/private banking and its relevance. HRIS is a technologically enabled instrument for recording and maintaining employee-related data. On the one hand, banks have embraced this system of keeping records and information storage, but on the other hand, individuals continue to be resistant to adopting this procedure openly. Thus, the report focuses on all of the factors that prevent businesses from being tech-friendly, emphasizing the need of Organizational Development (OD) initiatives. The successful implementation of OD interventions aids in overcoming this resistance and increasing employees' acceptance of change. A well-planned and structured transformation is critical to success and employee happiness. Nowadays, the majority of HR operations in the banking sector are carried out using information technology. The banking sector is crucial in supporting economic progress. In order to improve human resource management, several banks have implemented an HRIS database system in their HR department.

This research examines how HRD works with HRIS, what potential divisions and job allocation are in an HRD, how HRIS affects the recruiting process, educational and development programs, pay and benefits planning, and personal assessment management in Indian banks.

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## INTRODUCTION

Banking in India has seen a significant number of changes during the last two decades. Conventional banking is evolving into development banking. Banks in general, and commercial banks in specific, are attempting to achieve new heights in their expansion programs and significantly alter the character of their businesses. These attempts indicate a break from the restricted paradigm of traditional banking. The new approach is founded on the notion that banking is an active tool for social and economic advancement.

Banks are the lifeblood of every economy. It not only benefits one economically but also has a significant influence on practically every area of the economy. Any changes of financial rates or regulation have an analogous rippling effect on a country's economic health. Thus, the financial system ought to stay up to date and incorporate modern technologies into its core and allied sectors. These attempts indicate a break from the restricted paradigm of traditional banking. The new approach is founded on the notion that banking is an active tool for social and economic advancement. Keeping in mind the national and societal objectives, these huge changes underlined the necessity for the traditional banker to re-orient himself in order to effectively fulfill the new position of Development Banker. There is a paradigm change in the way the banking and financial sectors operate, and in order to keep up, a workforce capable of meeting the increasing requirements of all segments of society is necessary.

With the development of technology for communication and information, the banking sector is doing everything it can to keep up. Previously, the banking system operated on a simple principle: it accepted lower-interest deposits from investors and lent to borrowers at higher-interest rates. However, with liberalization and technology, the financial sector has been transformed. Today, when banks offer loans and related products or services at reduced interest rates, the economy's growth prospects improve, and vice versa. With all of these changes occurring in the banking sector, the advent and importance of Human Resource Information Systems cannot be overlooked.

Human Resource Information System (HRIS)[1] is a concept that makes use of information technology (IT) to effectively manage Human Resource (HR) tasks and applications. HRIS offers a systematic approach for companies to gather, store, preserve, and recover data on their human resources, personnel activities, and organizational features [1]. It collects, saves, manipulates, analyzes, retrieves, and distributes data about an organization's human resources [2].

HRIS enables firms to manage all HR information. It aids in the recoding and analysis of employee and organization data and documents, such as employee handbooks, rescue plans, and safety protocols [3][4]. It enables enterprises to maintain an accurate, full, and up-to-date database that can be accessed through reports and guides [5]. For example, the University of Minnesota at Rochester provides a payroll distribution report that lists university workers' salary from several accounts, including academic department, administrative department, and research grant accounts. End users may create such a report in minutes using HRIS, whereas it generally takes thirty hours [6].

Banks' financial and nonfinancial procedures have recently experienced substantial upheaval. The banks' manual method was the source of procedural delays, obsolete and erroneous information, inappropriate documentation, greater storage costs, and file safety concerns. HRIS has shifted banks' financial and non-financial procedures from manual to automated computerized systems. Banks can combine many HR services utilizing the third generation's feature-rich, broad-based, and self-contained HRIS.

The third generation of HRIS is considerably more than just a data store; it has accelerated the establishment of Strategic HRM in developing-country institutions [9]. Strategic HRM encourages bank HR staff to innovate their IT usage and improve their effectiveness [10][11]. The HR department is evolving into a data center, internal consultant, shift agent, service provider, price manager, collaborator with the company, a facilitator, and strategist [12].

Though it has been over 22 years since the Indian government implemented economic reforms, the importance of Human Resource Management in the banking industry is now gaining attention. Human Resource Management (HRM) specialists and departments have been under intense pressure over the last decade to implement large-scale established changes in the organization while also dealing with the issues posed by the changing economic climate. (Som, 2002, 2006). In his analysis of 54 firms, he determined that the utilization of technology-enabled products and services, computer-based information systems, and technical vendor development will increase dramatically.

To run these technologies, a business will require a technically competent, motivated, competitive, and diverse staff. Furthermore, to adapt to these changes, firms must redesign and adjust numerous HR services such as recruiting, selection, training, pay patterns, and so on. Increased technology sophistication in the workplace altered work conditions, giving individuals more time and knowledge to experiment and innovate.

To foster creativity and imaginative thinking in businesses, time spent on routine human duties such as administration, paperwork, compensation, and processing must be reduced via the use of smart technology. HR's administrative expert function was minimized or outsourced, while the strategic partnership and change agent roles were reinvented. With several operations to monitor and massive volumes of data to analyze on a regular and reliable basis, human resources managers have turned on information technology, or IT, to assist them in meeting the demands of the banking sector. Human resources (HR) along with information technologies are two factors that many businesses are learning to employ as strategic weapons in competition.

### **Scope and Objective of this study**

India is an open democracy with an infinite number of private and government organizations operating in a wide range of commercial sectors as big, small, and medium-sized enterprises. However, the organization might suffer from a lack of adequate human care at times. HRIS is a technology that allows private and commercial financial institutions to obtain accurate information about every single employee. These banks utilize it as a search engine to look up information about employees. They retain information in a file before putting it on the system. They strengthen the structure of the system by proactively updating employees' retirement dates, succession plans, leave dates, and other tasks.

The current study examines the efficacy of HRIS in many commercial banks. The study report aims to interpret how the HRIS is being applied in these banks. The characteristics considered in the study include employee individual information and performance. The current study article will provide new opportunities for the top executives of these banks to develop new human resource procedures and methods using HRIS in order to improve the efficiency of their staff, resulting in increased efficiency and profitability[13]. The current study would help Indian banking sector management develop recommendations for making HRIS more successful in communicating with diverse sectors of staff in banks.

### Outcomes of implementing HRIS

- HRIS is a key component of SBI's HR software interfaces, ensuring data accuracy and up-to-dateness across its extensive network of over 16,000 locations and 130 overseas branches, thereby providing integrated HR payroll applications.
- HRIS is a crucial tool in HDFC and ICICI banks' leave management system, providing employees with accurate leave balance information, though some employees find it challenging to use.
- HDFC and ICICI Bank utilize HRIS for payroll administration, but 83.35% of employees find the current software inadequate, while 16.67% find it satisfactory, indicating a need for system upgrades.
- HDFC Bank's performance appraisals reveal that 83.35% of employees find HRIS unbeneficial, while 16.67% believe it is successful in the existing system.
- HRIS, a crucial component of human resource management, is utilized by 16.67% of workers, compared to 83.35% who do not use it for final settlement.

### LITERATURE REVIEW

The literature review gives an overview of the research being undertaken by renowned researchers on the present issue. The review describes the approach used by the researchers to build a conceptual framework. The following paragraphs detail some of the reviews to help characterize the research gaps that exist. There are very few studies on the efficacy of HRIS in the Indian banking industry.

HRM assists an organization's human resources in carrying out various processes, resulting in integration with the organization's overall strategy. Competitive advantage may be gained by taking a tactical approach to staffing and thereby using people's strengths. Human resources (HR) as well as information technology are two factors that many businesses are learning to employ as strategic competitive weapons [13].

Human resource information systems (HRIS) enable HR-end users, including HR professionals, functional level managers, and employees, to collect, store, maintain, analyze, and disseminate relevant information about HR policies, functions, and strategies aimed at ensuring and securing firms' consistent performance.

Many researchers in this field agree on its wide variety of uses, including better internal communication [8,9], knowledge sharing, employee self-services, real-time information sharing, easy and quick access to accurate information [10], while its application is at an early stage in India. Nevertheless, experts identified some advantages of using technology in fulfilling HR responsibilities.

HRIS is an electronic system that collects, stores, and analyzes records of an organization's human resources, including data on personnel, recruiting, facilities, payroll, pharmacies, health management information systems, and so on. The primary benefit of this the HRIS is that it gives rules for administration decision making. HRIS is an amalgamation of every one of HR systems and procedures using technology to improve overall HR management in a business. It is used for automating all regular and transactional tasks connected to workers, prospective employees from amongst job candidates, Keeping data of current personnel Analyze attrition data, evaluate workforce deployments & staffing performance, and monitor compensation programs to develop salary estimates and pay budgets [11]

The Indian banking system includes more than 12 government-owned banks, 22 privately owned banks, 46 foreign banks, 56 rural regional banks, 1485 urban co-operative banks, and 96,000 cooperative banks in the countryside. The banking industry is currently mired in a labyrinth of problems. All measures of the banking industry point to its continued instability, with no indication of recovery on the horizon. India Bank reported that there were 1454955 employees in the banking industry in 2018-2019, compared to 1380461 in the previous year. Nowadays, the success of the banking business is dependent on its workers and their successful management. Some banks have used HRIS databases to better manage their HR departments. Our literature is separated into two categories: the first briefs us on the early days of HRIS, and the second contains numerous research conducted over the last two decades.

**Table 1.0 History of Human Resource followed by addition of Information Systems**

Ulrich, 1987	In an era aiming for superiority, human resources have become a critical source of competitiveness.
Jenkins and Lloyd, 1985	The corporate community understands that after individuals, An investigation of human resource data systems in banks in the public sector in India. Shine David 7 knowledge is its most valuable asset.
Martinsons, 1999	Beginning in the 1960s, personnel management was an early option for computerization in payroll, benefits administration, and other transaction handling such as employee record keeping.
Kossek et al., 1994.	Typically, this information was stored on a mainframe computer in flat file format, with databases accessed via simple searches for keywords. The growth of a strategically focused HRM attitude led to a rise in demand for usable human resource information. Over the past ten years, information technology has had a significant impact on the manner in which businesses are managed. There are several reports on how technological advances may help businesses build and maintain competitive advantages.
Walker 1993	The author expresses worry that a new paradigm for the management of human resources has grown in both idea and practice over the years. Many businesses have lowered costs and enhanced the quality of their operational services by outsourcing services or building internal centers to provide pooled resources. This reorganization has been aided by new, more sophisticated information systems such as Peoplesoft and SAP, as well as online information accessible for managers and staff. Simultaneously, corporations have invested in skills to improve company performance and create specialized human resource knowledge, such as consultants or business unit heads.
Spencer 1995	According to the author, information technology is altering human resource management, with impacts such as outsourcing, automation, and integration.

**Table 2.0 Work done in the field of HRIS over last two decades**

Kovach et al. (2010) [1]	The author performed a research on providing businesses with speedy data access, information interchange, and strategic benefit. They pointed out that HRIS collects information faster and at a lesser cost, which necessitates preserving internal relationships between employees and employers. Furthermore, Batool et al. did a research on the benefits and drawbacks of HRIS in the accounting office. They discovered that HRIS enables HR professionals to swiftly access information and respond on time.
Caroline Nyambura Mbugua [2]	According to his research study on the Kenya Commercial Bank, the implementation of an HRIS-based learning process has resulted in positive developments and improvements for organizational performance by making the organization more productive, improving communication/feedback processes, increasing employees' preference for working for the company, and creating a climate of high commitment among employees and stakeholders.
Harman Preet Singh, Sunita Jindal, Sekh Abdul Samim [3]	According to their study report, which was conducted in developing nations to determine the influence of HRIS on banking sectors, the financial and nonfinancial activities of banks have seen substantial alteration in recent years.
Sadiq, U., Khan, A. F. & Ikhlaq K[4]	A study on the impact of technology on the efficacy of HR departments was conducted on 18 HR managers from different companies operating in Lahore, Pakistan, and found that HRIS can be used positively as a tool to achieve greater efficiency in administration by adding value to the department.
Shammy Shiri [5]	This article found that HRIS offers information and instructions for the performance of HR services. HRM is still in charge of personnel records, but the presence of an HRIS makes this information more easily available and valuable for management decision making.
Nikhil Aswanth Kumar, Sanjana Brijball	In this paper, the definition of HRIS is clearly stated: A Human Resource Information System (HRIS) is a systemic process for preserving, gathering, organizing, accessing,

Parumasur [6]	and validating data required by an organization regarding its human resources, personnel activities, and organizational characteristics. HRIS may be defined as the relationship between human resources management, or HRM, and information technology.
Ama F. Karikari, Peter Agyekum Boateng, Evans O. N. D. Ocansey [7]	This study shows that HRIS is a fantastic tool for Human Resource Planning (HRP). It improves the accuracy with which vacant openings are identified and evaluates each employment position and its title inside a company.
Faruk Bhuiyan, Mohammad Osman Gani (2015)[8]	The author's study concluded that HRIS gives rapid access to the essential information in its original form, promoting a shared culture of exchanging and updating employee private data among them.
Batool, S.Q., Sajid, D.M.A. and Raza, D.S.H.(2018)	This study report investigated how HRIS discovers vacancies, carefully investigates each and every employment post, defines work roles, and meets organizational training demands. According to the authors, the numerous areas in which HRIS is being used include choosing the suitable employee for successful training, measuring the efficacy of pre-service training, and in-service training programs.
Taskar, Raghuwanshi & Antony et. al (2021)	According to the author, HR procedures and IT platforms should be effectively harmonized. In a summary, this article shows HRIS as a key multidisciplinary instrument for efficiently managing businesses and demonstrates synergies between the disciplines of HR, IT, and banking in developing nations.

### Challenges in implementing HRIS

HRIS installation demands re-engineering of company procedures, which many financial institutions find difficult to embrace. Employees at the banks lack the necessary training to adapt the new system. At the same time, most banks' information systems are diverse, reducing efficiency. So, even if banks do install HRIS, it will be a lengthy and uneventful process. To maintain system integrity, the installation of HRIS must be viewed holistically.

### CONCLUSION

HRIS is widely used in developing-country banks. It is used in personnel administration, pay management, leave/absence capturing, skill inventory, health history, performance evaluation, training and development, human resource planning, recruiting, career planning, negotiations, and so on. It is critical for a financial institution to properly define its system needs before deploying HRIS. This would allow us to determine the optimum level of sophistication for HRIS, resulting in the most efficient use of scarce resources. The HRIS database should serve as a single source for all information. This would result in the creation of a unified HRIS system for the entire enterprise. An integrated platform is preferred to a single optimization because it facilitates optimal information flow between HR operations and the HRIS IT platform.

Information management for HRIS can be delegated if the underlying procedures are consistent and there are strong privacy rules in place.

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