Effectiveness of HRIS in Indian Banking Sector: A Study of HDFC and ICICI Bank

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Abstract

Nowadays, most of the HR functions of banking sector are executed with the help of information technology (IT). The Banking system plays a critical role in underpinning economic development. Against the background of Financial Sector Reform Policy in India here HDFC and ICICI Bank is one of the first generation private sector Banks in India having 170 branches with 4,988 employees in 42 districts. In order to have an efficient human resource management these banks have introduced HRIS database system in their HR department. The present study has been undertaken to comprehend the effectiveness of HRIS in the said banks. The research studies based on survey method. This study includes how HRD works by using HRIS, what are the possible divisions and work distribution in an HRD, how HRIS effect on recruitment process, training and development initiatives, and compensation and benefits planning, personal appraisal management of HDFC and ICICI Bank. The analysis of the data revealed that some essential features are not decorated with software like time attendance, succession planning, payroll management, leave management, welfare fund Management, final settlement, performance appraisal and transfer management though the Bank uses HRIS. Hence the majority of the employees in the banks are not getting benefit by using HRIS software.

Key Words: Effectiveness, HRIS, HR Department, HDFC and ICICI Bank.

Introduction

HRM helps human resources of an organization in performing different process thus leads to integration to overall strategy of an organization. Competitive advantage can be attained by applying Strategic approach to Human resources and thus getting benefit from the abilities of People. Human Resources (HR) and information technology are the two elements that many firms are learning to use as strategic weapons to compete (Dessler & Al
Ariss (2013). Human resource information system (HRIS) allows HR-end users: HR professionals, functional level managers and employees to collect, store, maintain, analyze and disseminate the pertinent information regarding HR policies, functions and strategies intended for ensuring and securing firms’ consistent performance. Many researchers in this field agree on its wide variety of uses including better internal communication (Batool, S.Q., Sajid, D.M.A. and Raza, D.S.H., 2012), knowledge sharing, employee self-services, real time information sharing, easy and quick access to the accurate information (Troshani, I., Jerram, C., Hill, S.R., Wiblen, S., Dery, K. and Grant, D. 2010 & 2011), while its application is at early stage in India. Although researchers identify several benefits of this technology in performing HR functions. (Cappelli, P., 2001).

Human Resource Information System (HRIS) is a computerized system which is used to collect, store and analyses records of organization’s Human resources consisting data related to employees, recruitment, facility, payroll, pharmacy, health management information system etc. The main advantage of this HRIS is that it provides guidelines for administration for decision making. HRIS is the integration of all HR systems and processes with use of technology to benefit the overall management of HR in an organization. It is used to Automate all routine and transactional activities relating to employees, potential employees from among job-applicants, Maintaining records of existing employees, Analyse attrition records, Keep track workforce deployment and staffing effectiveness, Keep track of compensation programmes to make salary forecasts and pay budget (Taskar, Raghuwanshi and Antony, 2018).

The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks and 96,000 rural cooperative banks. The Banking sector is now stuck in a quagmire of woes. All parameters of the Banking sector indicate its persistent fragility with no sign of revival on the horizon. The employees working in banking sector at 1454955 Person in 2018-2019 compare to previous year 1380461 Person was reported by India Bank (RBI Report). Nowadays success of banking sector depends on employees and effective management of employees. Some Bank s have adopted HRIS database to effectively manage their HR department. HDFC and ICICI Bank is a profitable and earlier commercial Bank in India which started banking operations on 29 June 1983. This Bank has introduced HRIS database and using it for long time. So this study is to find out the effectiveness of HRIS of HDFC and ICICI Bank as a case.

**Rationale of the Study**

Today, professionals in the Human Resources area are important elements in the success of any organization. Their jobs require a new level of sophistication that is unprecedented in Human Resource management. Not surprisingly, their status in the organization has also been elevated. Even the name has changed. HDFC and ICICI Bank has a well decorated computer based HRM Division. HDFC and ICICI Bank implement the HRIS in their Bank. The Human Resources Information System provides details on administration, payroll, recruitment, and training. This system is expected to deliver valuable results to Human Resources division and organization as a whole. It is an essential tool that aids management in making strategic decisions. HRIS as a whole mainly
improves information sharing and communication between the company and the employees. HRIS made it easy for the human resources department to smoothly operate all components. With the accurate and objective tracking of compensation and benefits, employees' morale and motivation increases. The Human Resource Information System reduces cost and time spent on manual data consolidation. It allows the HR management managers to focus more on making decisions and projects rather than paperwork.

Statement of the Problem

India is a democratic country with a presence of an uncountable number of both private and government corporations working in numerous business sectors in the form of large, small or medium companies. But sometimes lack of proper treatment of human is hampering the organization. HRIS is a system where HDFC and ICICI Bank can get proper information of every single employee. HDFC and ICICI Bank used it as their search engine to find information about a employee. They first keep information in file then posting it on system. They improve the system by automatically update employee retirement date, succession plan, leave date and other task. HDFC and ICICI Bank use HRIS as their search engine to find out the file. HRIS is not the final decision until the file has the same information. If there is a mistake in data entry it wills supper the whole procedure.

Scope of the Study:

The present study analyses the Effectiveness of HRIS in HDFC and ICICI Bank. The research paper attempts to interpret the manner in which the HRIS is being implemented in these banks. The parameters which are included in the study are Employee personal information and his performance. The present research paper will open new gateways for the management of these banks in designing new human resource practices and strategies through HRIS in order to enhance the efficiency of the employees in the said banks, which will lead in increasing the efficiency and profitability. The current study will assist the management of the Indian banking sector to frame guidelines in order to make HRIS more effective in providing effective communication to the various sections of employees in the banks.

Literature Review:

The literature review provides an overview of the research work being conducted by eminent scholars in the current topic. The review provides an approach being adopted by the scholars in order to design a conceptual framework. The following paragraphs outline some of the reviews in order to define the research gap that exist. Very few studies are found regarding the effectiveness of HRIS in Banking sector in India.

Taskar, Raghuwanshi and Antony (2018) in their research paper explored that HRIS identifies vacancies, precisely investigate each and every job position, its job identification and provide training needs of organizations. The authors stated that the various areas in which the application of HRIS is being engaged are selecting the
appropriate employee for effective training, estimating the effectiveness of Pre-service training & In-service training programs.

Faruk Bhuiyan, Mohammad Osman Gani (2015) their study deliberated that HRIS provides the immediate access to the required information in an original form which promotes a common culture of sharing and updating employee’s personal information among them.

Manar Al-Qatawneh, Bandar Abutayeh Fawwaz A and Al Hammad (2012) in their research paper analysed the effect of the implementation of Human Resource Information Systems on job related decisions in commercial Bank s in Jordan and concluded that all Human Resource Information System implementations have a positive impact on the quality of job related decisions.

Kovach et al. (2000) conducted a study on providing business with rapid data access, information exchange and strategic advantage. They pointed out that HRIS gathers information faster at lower costs that required maintaining internal relation among employees and employers. Further, another study conducted by Batool et al. on benefits and barriers of HRIS in accounts office. They found that HRIS allows HR people to access quickly to information and response on time.

Caroline Nyambura Mbugua (2011) in his research study on the Kenya commercial Bank states that the application of HRIS based learning process has equally resulted in positive developments and improvements for the organizational performance by contributing to the organization being more productive, resulting in better communication/feedback processes, increasing employees’ preference for working for the company and creating a climate of high commitment among the employees and stakeholders.

Harman Preet Singh, Sunita Jindal, Sekh Abdul Samim (2011) in their research article this paper which was studied on developing countries to find out the impact of HRIS on Banking industries states that in recent times, the financial as well as nonfinancial processes of Banks have undergone significant transformation.

Sadiq, U., Khan, A. F. & Ikhlaq K. (2012) Study on the impact of information systems on the performance of HR department conducted by on 18 HR managers from the various corporations operating in Lahore, Pakistan and suggested that HRIS can be positively used as a tool to achieve greater administrative efficiency by adding values in the department.

Nikhal Aswanth Kumar, Sanjana Brijball Parumasur (2013) this paper the definition of HRIS is clearly being stated that A Human Resource Information System (HRIS) uses a systemic procedure for maintaining, collecting, storing, retrieving, and validating data needed by an organization regarding their human resources, personnel activities and organizational characteristics. It can be said that HRIS is the link between Human Resource Management (HRM) activities and information technology.
Shammy Shiri (2012) in this paper it has been concluded that HRIS provides information and guidelines for the operation of HR functions, HRM is still a caretaker of employee records, however, the existence of an HRIS makes this information readily available and useful for managerial decision making.

Ama F. Karikari, Peter Agyekum Boateng, Evans O. N. D. Ocansey (2015) the study concludes that HRIS is an excellent tool for Human Resource Planning (HRP). It enhances the identification of unfilled positions accurately and analyzes each job position with its title in an organization.

**Human Resource Information System (HRIS) of HDFC and ICICI Bank**

The Human Resource Information System (HRIS) is a software or online solution for the data entry, data tracking, and data information needs of the Human Resources, payroll, management, and accounting functions within a business. Normally packaged as a data base, hundreds of companies sell some form of HRIS and every HRIS has different capabilities. An effective HRIS provides information on just about anything the HDFC and ICICI Bank needs to track and analyze about their employees, former employees, and applicants. HDFC AND ICICI Banks selects a Human Resources Information System and customize it to meet their needs.

Typically, the better The Human Resource Information Systems (HRIS) of HDFC and ICICI Bank provide overall management of all employee information, reporting and analysis of employee information, company-related documents such as employee handbooks, emergency evacuation procedures, and safety guidelines, benefits administration including enrollment, status changes, and personal information updating, complete integration with payroll and other company financial software and accounting systems, applicant tracking, resume management, attendance and PTO use, pay raises and history, pay grades and positions held, performance development plans, training received, disciplinary action received, personal employee information, and occasionally, management and key employee succession plans, high potential employee identification, and Applicant tracking, interviewing, and selection.

**Reasons to use an HRIS by HDFC and ICICI Bank**

There are some reasons to use HRIS database in Bank like enables employees to do their own updates and address changes, frees hr staff for more strategic functions, data necessary for employee management, knowledge development, career growth and development, and equal treatment is facilitated and managers can access the information they need to legally, ethically, and effectively support the success of their reporting employees.

**Enterprise Resource Planning (ERP) features of HRIS**

The modern ERP features of customized HRIS database using in Banking sector in India these features are office organizer, personal services, and human capital management.
Recruitment The process begins when the need to fill a position is identified and it ends with the receipt of résumés and completed application forms. The result is a pool of qualified job seekers from which the individual best matching the job requirements can be selected.

Job Reason Setup In this portion job openings are identified through human resource planning or manager request. Under this, some sequential features are added like Requisition, requisition approval, requisition allocation, notice, candidate search, resume management system, joining confirmation, personal directory and personal information.

Personal information include following features like personal information (date of birth, nationality, ethnic race etc.), color picture, contact details, emergency contact(s), dependents, nominee, immigration details (passport & visa info), job information, payment details (pay grade & salary), employee reporting structure (assign supervisor), work experience, national id, education details, skills, confirmation date, assign languages and attachments etc.

Time attendance Features are defining organization's customers and projects, create time sheets and administration, management of your own and your subordinates' time sheets, time & shift, roster policy, employee roster policy, roster process, monitoring & approval, attendance summery, fault attendance, manual attendance register, and roster status.

Leave features include in HRIS are defining leave types, view leave summary of all employees in one screen, defining days-off (weekends and specific holidays), apply for and assign continuous leave, receive auto notification e-mails after performing leave related operations.

HDFC and ICICI Bank HRIS include Policies, Application, Approval, Direct Apply and Approval, Leave Summery Leave Time Reference, Leave open, Manual Leave Register, Maternity Leave Process.

The Features of Payroll include in HRIS database system are payroll processing, pay slips, salary statements, complete handling of PF / ESI / PT / IT (TDS), PF / ESI challenges & reports, loans & reimbursements, payroll arrears calculations, powerful full & final settlement module, extensive payroll reports, electronic Bank transfer files for faster salary disbursement, excel import and export of payroll information and special features for large enterprises: batch processing, multi-user, multi-company, digital signatures, fine-grained security and more. Features also set up in HRIS system are welfare fund, provident fund, final settlement, disciplinary management, appraisal management and training management.

Objectives of the Study

The main objective of this study is to discover the factual settings of how the HR division is conducted HRIS within the organization which affects the work activities and long term success of the business and their practices for the organization based on Human Resource management system.
1. To comprehend the conceptual framework of HRIS in Banks.
2. To identify the problems faced by the sample banks in implementing effective HRIS.
3. To evaluate the effectiveness of existing systems of HRIS being practiced in sample Banks.

Research Methodology:

Nature of Study:

The present research study is descriptive and explorative in nature.

Data Collection

Primary Data

The Primary data is collected through the well designed and structured questionnaire whose reliability and validity was duly tested by the application of Cronbach Alpha. The questionnaire was distributed among the employees employed in departments related to Human Resource, Information Technology, Accounting personnel in the sample banks.

Secondary Data

The secondary data has been collected from relevant books, newspapers, journals, monthly reports, published documents and office circular.

Area of Study: The primary data was collected from the sample banks in the cities namely Kanpur, Lucknow and Ghaziabad.

Sample Banks: The sample banks selected for the present study comprise of HDFC Bank and ICICI Bank. The criteria for the selection of banks was that these two banks are the leading private sector Banks operating in India and they are the major employers of Human resource in India.

Sample Size; the sample size considered in the present study consist of 120 respondents equally dived between the two sample banks.

Sampling Technique: The sampling technique adopted in the current study is convenient sampling method in order to collect the primary data.

Data Analysis

Analysis techniques- 5 point Likert’s scale and structured and semi-structured questionnaire are used to collect data. Percentage methods are used to analysis data.
Analysis and Interpretation:

Employees of HDFC and ICICI Bank are aware about Human Resource Information System (HRIS). I went to 6 employees of United Commercial Bank Ltd. about the existence of the HRIS software.

Awareness of HRIS

After analyzing the first question, it can be said 100% employee under HR department knows about the existence of the HRIS software in the company.

Training for using HRIS

HDFC and ICICI Bank provide training how to use HRIS software. In conversation I am talk with 6 employees that did they get any sort of training on using HRIS. All the 100% employees get the training on HRIS. It’s important to give training. For proper implementation of HRIS training must.

Type of Training

HDFC and ICICI Bank provide different training program on HRIS such as classroom training, online training, on the job training, off the job training. In 6 employees, 83.5% of them are getting on the job training and rest 16.67% get classroom training.

HRIS Feature

In HDFC and ICICI Bank HR division try to make HRIS features more usable. When asking about HRIS features employee give mixed feedback. 66.68% employees think that HRIS features are fully documented, but 33.34% of them are thinking that it is not fully documented.

Performance of HRIS software

Employee talk about the overall service of the HRIS software they used. Employee used HRIS more or less but all are need this. About 66.68% of them are satisfied to use the HRIS software but 33.34% of them are dissatisfied. HDFC and ICICI Bank need to make HRIS more updated and usable.

Personal Details of Employee

Personal directory include employee personal information, contact information, transfer info. This is the most usable part of HRIS. 100% employees think that personal directory is effective for HR. It is used for a search engine to HR staff.
Time Attendance

HDFC and ICICI Bank want to strictly follow the time attendance system of HRIS. It is help HR to track the employee when they entry and leave. How many days one employee absent it s automatically identify by time attendance system. 66.68% of them say that time attendance system is not updated and 33.34 of them say it’s okay. HDFC and ICICI Bank need to upgrade the time attendance management in HRIS.

Leave Management

Leave management is a continuous process. Employee takes leave in different purpose. HRIS help leave management by providing information about the employees leave balance. Out of 6, 66.68% employee think there is no problem using HRIS in leave management. But 33.34% of them think it will be more updated. Sometimes it quiet difficult to use.

Payroll management

For payroll management HDFC and ICICI Bank use HRIS. There is an automatic setup in payroll option. To fill up the employee information, then select the salary grade and click on the payroll setup button. It automatically set the employees designation wise payroll. Out of 6, 83.35% employees think that the present software of HRIS is not enough. 16.67% employee it’s quiet enough. So need to upgrade the system for payroll management.

Performance Appraisal

HDFC and ICICI Bank performance appraisal based on performance every year employee makes. Out of 6 employees, 83.35% of them think HRIS not effective for performance Appraisal management and rest 16.67% of them think it is quiet effective in current system.

Welfare Fund

To find how many employees used HRIS for welfare Fund management. Out of 6, 50% employee directly used the welfare Fund in HRIS, and 50% of them not using it.

Final Settlement

To find out how many employees use HRIS for final settlement. It is a critical work in HR. out of 6 employees, 83.35% of them are not using HRIS for final settlement and only 16.67% employee doing this in HRIS.

Succession Planning

Regarding succession planning the data revealed that the samples banks are not concerned on the said practice as the sample respondents indicated their unawareness on the issue. The HRIS Software has feature on succession planning but the sample banks did not use the same.
Findings

On the basis of the above analysis the following finding emerges. The author found that the Bank uses the HRIS in their HR division. But some of the parts of HRIS are not used. It is also found some problem the Bank faces in HRIS which are mentioned below.

Regarding the awareness of implementation HDFC and ICICI Bank followed the all HR function in their organization. They also have some succession planning. But in their HRIS software there is no succession planning. By using HRIS, there is no way to do succession planning.

In ERP software of HDFC and ICICI Bank there is no time attendance features. HDFC and ICICI Bank need to upgrade the system in terms of time Attendance.

In HDFC and ICICI Bank HRIS payroll management part is not decorated. There is a limitation of work in HRIS for payroll. Mostly payroll management is done manually.

They take little help from HRIS to search the designation of the employee, Leave balance, file number. But they do not follow full procedure by HRIS. In HRIS they include name who allow getting the leave.

HDFC and ICICI Bank manually doing welfare fund Management. By using HRIS they only provide the notice. There is a full option in ERP software but they doing it in paper document.

In final settlement HRIS use only to know info about employee joining date. Others work they do in manual paper.

HDFC and ICICI Bank use modern software but the Bank doing their performance appraisal in manually. They follow the traditional method of evaluation by the paper and previous year’s performance record in personal file.

Although they have access in transfer management but they using a small part of HRIS to do transfer. Check only the changing designation, previous posting, new posting and other doing by paper based form.

Recommendations:

In order to make the HRIS to be effective the following recommendation are offered:

For Succession Planning, at first they must know about the importance of succession planning .If they doing it through HRIS it will make the work easier. If the sample banks input the data of employee in a way that employee’s age wise they easily know who when retired. They setup a reminder which shown that who will retired after 3 months. If this activity doing properly then HR staff have opportunity to prepare one who can replace that employee.
For Time Attendance, the sample banks HR implements a system where an employee entry directly connects with HRIS. Automatically count the attendance as well as in performance appraisal sheet. They active of the task of roster policy, employee roster policy, roster process, monitoring & approval, attendance summery, fault attendance, manual attendance register, and roster status.

For Payroll Management, the sample banks HR should fill up the portion of HRIS software. After that system automatically update the payroll feature.

For Welfare Management, the sample banks should do the welfare fund in HRIS. It is reducing their time. They put the information of employee who is applicable for getting welfare. They should follow the welfare fund apply, Welfare fund approve, Welfare Benefit part.

For Final Settlement, the sample banks should apply the HRIS ERP software feature such as final settle rule, final settle statement.

For Appraisal Management, the sample banks should apply the HRIS feature, question setup, form setup, and create assignment, assignment and final refine.

**Limitations of the Study**

The limitation of Primary and secondary data exist.

The sample consists of two. Banks, hence that analysis and interpretation cannot be inferred in entire banking sector.

The selection of parameters did not represent the entire HRIS domain.

Sufficient books, publications, facts and figures are not available. This constrict narrowed the scope of accurate analysis if this limitations were not been there, the report would have been more useful and attractive.

**Conclusion**

HDFC and ICICI Banks are one of the best private sector Banks in terms of number of employees employed by them. HDFC and ICICI Bank is one of the leading private sector Banks in India who implement HRIS software in their organization due to the complex human resource practices being carried by them. Even a relatively small workforce can present a number of logistical problems, particularly when it comes to the administration of things like benefits, sick leave, promotions and so on. The innovation of Information technology has provided mechanism through which the complex HR issues are resolved amicably. HRIS packages provide businesses with a means by which they can keep track of their human resources needs, and fulfill those needs in a cost and time efficient manner. HRIS systems are, in essence, large databases. These databases will store basic employee information (such as personal details, company role, salary etc), as well as information regarding benefits administration,
payroll and an almost limitless range of other aspects of human resources. To improves HDFC and ICICI Bank information sharing and communication between the company and the employees. HRIS made it easy for the human resources department to smoothly operate all components. Banking industry in India is large compare to its economy. So competition is intensive among banking companies. The introduction of HRIS for managing HR department efficiently will give some companies competitive advantage. This study will also contribute to the Banking sector in India to make their HR system effective. The problems found in this study will help HDFC and ICICI Bank and others Bank to overcome through proper initiative.

Reference


