The Development of eHR within the Transformational Dimension of HR Functions in Businesses Operating in Poland - Benefits and Threats

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Abstract: The paper's goal is to identify the benefits and threats resulting from the use of eHR with regard to the transformational application of HR functions in contemporary businesses on the example of companies operating in Poland. The theoretical part explains the term and reviews the premises and eHR tools in the light of literature review. The empirical part presents the results of the author's research, conducted on a sample of 226 businesses. The research attempted to establish what benefits and threats are identified by Poland-based businesses which use eHR. A diagnostic survey method was used for this purpose, along with a survey form. A conclusion was made with regard to the examined businesses that in comparison to global trends, the application of eHR is still underdeveloped in the transformational dimension. Another key conclusion is that the benefits declared by the reviewed businesses are also a source of potential threat, which was considered a paradox of its own kind.

Keywords: eHR, HR technology, HR function, personnel function, virtualization, transformational HR function.

INTRODUCTION

The changes in contemporary economy are driven by broadly understood technological development [14] to a large extent. Virtualization understood as a broad category that relates to the abstraction of resources across various IT aspects [10] or as overcoming the time and space constraints with regard to the realization of processes within a company [7], covers almost all areas of operation of businesses. The mentioned key areas of operation of a company should definitely include the personnel function, which has been changing extensively for the last dozen years, both in terms of its importance within a business and in terms of its organization and execution [6]. Moreover, it should be noted that personnel issues were one of the first processes executed within companies subject to virtualization, with the examples of the automation and computerization of the process of managing remuneration [8]. However, a strong trend may be observed in the last few years, consisting in the virtualization of the personnel function, which, according to Ulrich's models, make up the so-called transformational function [2]. Consequently, the personnel function in modern businesses is designed and executed on the basis of ITC technologies and, more and more frequently, on the basis of social media related technologies [5], known as Web 2.0 [13]. This gave birth to the term eHR, a common denominator for HR processes and modern technological solutions. The dynamic growth of eHR in the practical operation of companies serves as a premise to pose a question on the actual effects and potential threats it brings.

In the view of the above the paper attempts to identify the potential benefits and threats resulting from the development of eHR within the personnel function, with particular focus on the transformational part of the discussed function. The paper's empirical part presents the results of own research whose goal was to identify both the benefits and threats from the application of eHR when performing the personnel function, conducted on a sample of 226 businesses, using a survey form as a research tool.

THE TERM, APPLICATION PREMISES AND EHR TOOLS IN BUSINESSES IN THE VIEW OF LITERATURE

As mention in the preface, one of the first functions of a company that undergoes changes driven by market trends is its personnel function. The very term personnel function or the HR function (the latter being used more often in practice) is relatively difficult to define, as it is contextually mobile. Thus, one could conclude that the HR function is a set of processes and tasks related to the people in a company, whose definition changes depending on the take and context within a company. With the object of the considerations of this paper in mind, one of the most frequently cited views on the nature of the HR function is by D. Ulrich [2], who divides processes realized within the HR function into the transactional functions and the transformational function. Namely, the transactional HR is, generally speaking, processes of managing the company's staff, where performance and quality (compliance with current legal regulations, etc.) matter. Among else, the following processes can be included among processes realized within the transactional function:

- the payroll administration and the remuneration system management
- work time settlements (including days off, absenteeism, etc.)
- maintaining the so-called "employee files"
- personnel data processing.

It should be underscored that the execution of transactional processes is still required and important. It therefore requires the performer of HR functions to spend a big part of their time on it, as shown in the research results. A report from an
annual global review by Deloitte [1] shows clearly that the broadly understood settlements of work time remains the most popular eHR solution. It is worth noting, however, that the tasks executed as a part of the transactional function are more and more often outsourced to common service centers or Business Process Outsourcing (BPO) companies who offer comprehensive personnel and payroll services.

These days, however, much more is being demanded from the performers of HR functions. These expectations apply to a more holistic view of the functioning of a business and its internal business processes, the formulation of a personnel strategy based on a vision, mission and goals of the organization and the actions of following and forecasting the changes in the job market [8]. The main tasks of HR departments are aimed at developing and motivating the personnel, managing their knowledge and competences, diagnosing HR-related problems and needs, suggesting solutions that would improve the department's or the entire company's performance, while raising the effectiveness and commitment of the employees [4]. A synthesis leads to a conclusion that HR's transformational function means the participation in the execution of a business strategy by ensuring individual skills of the employees and the organization's competences, and that the following activities and tasks may be covered, among else, by the discussed dimensions of the HR function:

- competences management
- designing and implementing systems of periodical employee evaluations
- managing the professional development and creating career paths
- talent management
- employer branding.

The growing importance of the transformational function in the execution of personnel processes and the drive to the increasingly wide virtualization of HR functions leads to a situation where the eHR phenomenon is defined as the application of conventional, network and voice solutions aiming to bring improvements within HR administration and process efficiency within the personnel function [11] seems to be affecting the functioning of contemporary organizations stronger and stronger. Based on this, several key premises may be defined that impact the increasing range of application of eHR, with the following among them [11]:

- the drive to improve the quality of services executed within the HR function, making it a more strategic and business-oriented function, specifically through the implementation of eHR
- reducing the costs and raising the operational efficiency
- the drive to alter the relation between the HR function and the employees and line managers
- transformation from the HR function that is traditional into one that is oriented at the internal client

As it can be seen, most of the cited premises of the use and expansion of the application of eHR in contemporary businesses, directly or indirectly, is related to the HR function’s transformational aspect. It seems therefore justified to make a review of eHR solutions and tools that currently support the execution of transformational HR, which will be considered further in the paper.

Given their number and differentiation, it is impossible to name all types of systems that support human resources management. Six main processes within eHR [11] are indicated, namely: performance management, e-recruitment, e-learning, self-service, employee relationship management and e-reward. At the same time the authors point out that these processes are focused on supporting transactional processes. This paper, however, aims to indicate the qualitative change in relation to the virtualization of the personnel function whose outcome is the incorporation of transformational processes into its scope. These processes include, among else, the talent management, a vast area impossible to contain within the areas suggested by the author. This concept covers the area of selection of employees, their development and evaluation, quality management. The annual report published by Sierra-Cedar proposes a more detailed division of areas supported by the HR technology. Talent management, analytics of soft issues, web 2.0 applications and other emerging technologies will be especially important from the perspective of transformational processes. Table 1 presents an example of a review of IT and information solutions supporting the performers of the personnel function.

There are many configurations in the technological market in which eHR can be implemented. The parallel strategy is one of the most popular ones, whereby a company can maintain SaaS cloud-based services and local services based on the purchased licenses [15]. Such a solution allows to partially limit the costs of upkeep of the systems and to curb the data safety risk. More and more HR system support solutions that use artificial intelligence have been appearing in the market recently - especially with regard to recruitment (matchbeta, getinhired), undoubtedly a high-potential solution. These solutions are to be a global trend in the development of HR technology in the coming years [10]. Another direction of changes in the Polish recruitment and selection market is the incorporation of a combination of technological solutions and gamification (New Generation Recruitment) into this process.
Table 1. HRMS types outlook with examples of systems within transactional processes and integrated systems.

<table>
<thead>
<tr>
<th>Field of HR function</th>
<th>System/Platform type</th>
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| **Transactional Function** | • Payroll systems; e-Reward  
  • Workflow management  
  • Employee Relationship Management – EMS  
  • Workforce management  
  • Employee Self-Service – ESS  
  • Manager Self-Service – MSS  
  • Other administrative systems |
| **Transformational Function** | • Applicant Tracking Systems; e-Recruitment (Newton, e-Recruiter, Traffit, BambooHR)  
  • Performance Review & Learning Systems (Reviewsnap, Cognology, Workday)  
  • E-learning (SocialTalent)  
  • Talent Management Systems (BrdDogHR, ORACLE Taleo, iCIMS Talent Platform)  
  • Workforce Optimization Systems (ADP Workforce Now, Kronos workforce central) |
| **Integrated systems** | • Human Resource Management Systems – HRMS (SAP - HCM, Success Factors - EC) |

Source: Own work.

The report published by CIPD in 2013 [3] discusses the topic of HR analytics as a continuous process within the transformational function that would be supported by technologies related to Big Data. Such a solution would allow a deeper analysis of phenomena such as the gaps in employee competences. Big Data still remains a controversial topic also due to legal regulations and the dehumanization of human resources.

Based on the synthetic review of tools and solutions supporting the implementation and/or extension of eHR within a company, a conclusion may be formulated that their range and availability is extraordinarily extensive and the application wider and wider. Therefore, it seems justified to pose a question on what practical effects the application of eHR brings and whether apart from the benefits the businesses also see the negative sides of the transformational virtualization of the HR function. Among else, this very question compelled the author to conduct empirical research in the Polish market, whose results are presented further on.

THE BENEFITS AND THREATS OF THE APPLICATION OF EHR IN THE PRACTICAL OPERATION OF BUSINESSES - THE RESULTS OF EMPIRICAL EXAMINATIONS

The results presented in the article constitute a part of a broader research project whose objective was to determine the condition and modern trends with regard to designing and executing HR functions in businesses operating in Poland. This paper uses results stemming from the analysis of answers to questions about the scope of application, the declared benefits and potential threats resulting from the practice of using eHR by the surveyed companies. The research project used a diagnostic survey method, with a survey form as the examination tool. 226 businesses operating in Poland were examined (including: large companies - with over 250 employees n=39, mid-size companies - with 50 to 249 employees n=106, small companies - with 10-49 companies n=80). The selection of the research sample was randomized and laminar, which ensured the representativeness of the research. The sample size was calculated using the following parameters: population size - 3,772,931, fraction size - 0.5 and confidence level - 0.95.

Consequently, first, an attempt was made at determining the scope of application of eHR by the examined businesses. The results are surprising, because only 19% of the surveyed companies use eHR for the realization of transformational function, whereas 11% have an integrated system that handles the entire personnel process (transactional and transformational). If we compare these data with the scope of use of eHR in the realization of HR transactional functions (77.5% of the surveyed), a conclusion can be made that the comprehensiveness of virtualization of HR processes is still in infancy among businesses operating in Poland. Moving on, with regard to the paper's main objective, the examination attempted to cover what effects (see chart 1) or benefits the businesses enjoy when using eHR for "soft" HR (the presentation of results uses the most often cited benefits).

![Chart 1. The declared benefits from using eHR](source: own work on the basis of conducted research)

It should be noted that the most frequently made answers are made with regard to operational and process effects, since they are related to the reduction of time and costs of realization of HR processes. Ever more importantly, the surveyed businesses also declared benefits relating directly to human resources, namely the rise in the satisfaction of external clients (58% of answers) and the increased
involvement of line managers in the execution of tasks related to transformational HR (47% of answers). The author believes that it is the second group of effects that builds competitive advantage on the basis of the quality of execution of HR functions.

The conducted research also attempted to determine whether and what threats come with the increasingly broad application of eHR in the execution of HR functions.

![Chart 2. Threats from using eHR](image)

Source: own work on the basis of conducted research

With regard to the threats from using eHR as declared by the surveyed businesses, it can be clearly seen that they mainly recognize the high social cost of the virtualization of HR. This may mean, globally, an imminent and significant reduction in the demand for administrative jobs and in selected specialist jobs (mainly in areas related to the HR function). Another important conclusion from the analysis of threats is that transformational virtualization of parts of the HR function is a welcome chance to outsource them, in an increasingly broad scope. This may lead to the loss of control over strategically key processes, as seen by 56% of the surveyed. Another significant threat is the dehumanization of relations among the organization's members, which are, in a way, the core of the HR functions.

**CONCLUSION**

The paper's goal was to identify and analyze both the benefits and threats resulting from the increasingly wide and comprehensive use of eHR in contemporary businesses. The conducted literature research and empirical examinations allowed to formulate several conclusions, of both academic and application nature.

One undoubtedly interesting take is the identification of a paradox of its own kind, where the positive effects of implementation and use of eHR declared by the surveyed businesses most often are, at the same time, a source of the most serious threats (as perceived by these same businesses). Specifically, this means the benefit consisting in the reduction of costs of the execution of HR function, which, on the other hand, implicates a threat of high social costs. This forms an important indication with regard to posing further research questions related to the attempt at determining the weight of the discussed benefits, in comparison to the negative consequences of the broad application of eHR. Another conclusion derived from the research is that the businesses recognize threats from the ongoing virtualization of HR functions mainly in the context of losing control over transformational processes. The reason for this is that contemporary technology allows extensive automation of processes, which is a convenient chance to outsource the transformational HR as well. Consequently, processes crucial from the perspective of most companies, such as competence or talent management, may be fully executed by third parties. Another premise for continuing research may be put forward now, namely the question whether the boundaries of use of eHR in a company may be identified and determined. The answer to this question may make the coordinated planning of the scope of application of the virtualization of HR functions significantly easier.

Summing the considerations up, it should be expected that the eHR, as defined here, will continue to grow dynamically, not only in Poland (where the growth potential of the scope of application results from the conducted research). This may be a pointer to the managerial staff, showing which direction to pursue when designing the organization and the course of its HR functions.

**REFERENCES**


AUTHOR'S PROFILE

Marcin Gołembski - Born in 1979 in Poland. A graduate of the Academy of Economics in Poznań (currently the Poznań University of Economics and Business). Holder of a Ph.D. degree in economics, specialty in managerial sciences; obtained in 2007. A research and didactic fellow at the Poznań University of Economics and Business. Employed as a lecturer in the Department of Management and Corporate Resources Analysis.

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