

# Role of HRIS in Banking Sector with Reference to Organization Development Interventions

Trupti Shelke

*Asst. Professor, Management, Institute of Management & Computer Studies, Maharashtra, India*

**Abstract:**-The paper highlights the growing use of Human Resource Information System (HRIS) in banking sector and its significance. HRIS is a technology-enabled tool used to record and maintain the employee related data. At one side, where banks are embracing this system of record-keeping and information reservoir, on the other side still people have resistance towards accepting this process open-handedly. The paper thus focuses on all those reasons which restrains them to become tech-friendly and brought the role of Organizational Development (OD) interventions to fore-front.

The application of OD interventions in an effective manner thus helps in overcoming this resistance and increase the acceptance of employees towards change. A planned and organized change is key to success and employee satisfaction.

**Keywords:** HRIS, Banks, Banking Institutions, Organizational Development (OD), OD interventions

## I. INTRODUCTION

Banks are the life line of any economy. It not only helps one in economic terms but greatly have an impact on almost every sector of the economy. Any changes in bank rates or regulations brings almost an equivalent ripple in the economic health of a country. Thus, banking system should be up-to-date and ingrain new technology in their core as well as allied areas.

With the advent of Information and Communication technology (ICT), even the banking sector is taking every possible step to maintain the going pace. Earlier the banking system has a simple mechanism, wherein it takes deposits from investors at lower interest and lends to the borrower at higher rate of interest. However, with the deregulation and technology, the banking system has revolutionized. Today when banks offer loans & related products or services at a lower interest rate, it enhances the growth prospects of the economy and vice-versa. With all these transformations taking place in the banking sector, the introduction and contribution of Human Resource Information System cannot be ignored.

Though its been almost 16 years since Indian Government has enacted economic reforms, but the role Human Resource Management in banking sectors is now entering into a limelight. In last 10 years, Human Resource Management (HRM) specialist and departments were under severe pressure to bring about large scale professionalized changes in the organization and to cope up with the challenges brought about

by the new economic environment. (Som, 2002, 2006). In his study of 54 organizations, he concluded that the use of technology-enabled services, computer-based information system and technical vendor development will rise recklessly. And to operate these technologies, an organization will need technically sound, motivated, competitive, and highly diverse workforce. In addition, to cope up with these changes organizations has to re-design and modify various functions related to HR like recruitment, selection, training, compensation patterns, etc. Increased technological sophistication in the job redefined work environments lead to a situation wherein employees had more time and information for experimentation and innovation.

And to facilitate innovation and creativity in the organizations, the time devoted to regular personnel functions like administration, paper work, salary, processing needs to be lessened with the help of sophisticated use of technology. The administrative expert role of HR (Ulrich, 1987) were getting reduced or often outsourced while the strategic partner and change agent role were being redefined. With many functions to track and huge amounts of information to process frequently and accurately, HR executives have turned to information technology (IT) to help them meet the needs of banking sector. Human Resources (HR) and information technology are the two elements that many firms are learning to use as strategic weapons to compete. (Jenkins and Lloyd, 1985).

## II. LITERATURE REVIEW

- **Ulrich, 1987.** In an era striving for excellence, human resources become a crucial source of competitiveness
- **Jenkins and Lloyd, 1985.** The business community also realizes that after people, Study of Human Resources Information Systems in Public Sector Banks in India – A Case Study Shine David 7 information is its most important asset .
- **Martinsons, 1999.** Beginning in the 1960's personnel management was an early candidate for office automation in payroll, benefits administration and other transaction processing application such as employee record holding.
- **Kossek et al., 1994.** Typically this information was held on a mainframe in flat file format with the

databases being interrogated via simple keyword searches. Growth in strategically focused HRM ethos produced an increase in demand for useful information about the human resource. During the past decade, information technology has greatly impacted the way businesses are managed. Reports on how information technology helps companies create and sustain advantages are abundant.

- **Walker 1993** expresses concern that a new model for the human resource function has evolved in concept and practice over the past years. Many companies have reduced costs and improved the quality of operational services by using vendors for services or establishing internal centres to provide shared services. Such restructuring has been supported by new, more powerful information systems, such as Peoplesoft, SAP, and online information access for managers and employees. At the same time, companies have invested in capabilities to enhance business performance and to develop specialized human resource expertise, such as consultants or leaders within business units.
- **Spencer 1995** has stated that information technology is transforming human resource management, and its impact will include outsourcing, automation, and integration.

### III. HUMAN RESOURCE INFORMATION SYSTEM (HRIS) - MEANING AND IMPORTANCE

HRIS is nothing but an intersection of human resources and information technology through HR software, which helps HR activities to process electronically. It allows an organization to plan HR costs more effectively as well as to manage them and control them without needing to allocate too many resources toward them which in turns leads to increase in efficiency. It is a process to collecting and recording the data related to human resources of an organization. This data includes information like joining date of employees, their contact details and residential address, monthly packages, leave records, etc. Therefore, it carries information an employee from entry till exit. As per Lengnick-Hall and Moritz, HRIS to be implemented at three different levels:

- The publishing of information
- The automation of transactions
- Transformation of HR into a strategic partner along with the line managers

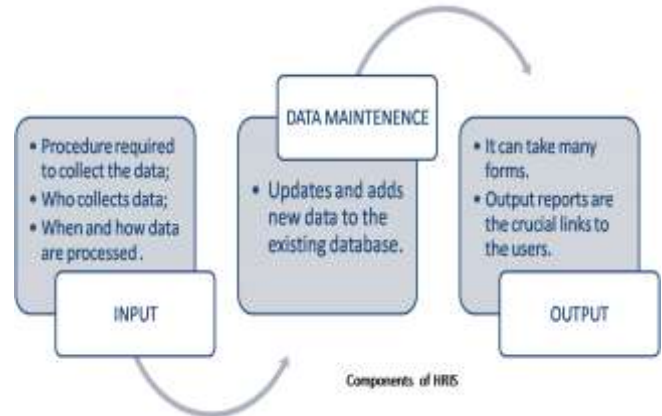
#### *Components of HRIS*

HRIS has three components as shown in the diagram below:

- **Input Function:** It includes collecting and recoding personnel information into HRIS. This information includes scanning and storage of information of

actual image of the original documents, unlike the past where it was limited to mere data entry.

- **Maintenance Function:** It includes updating the existing data by adding new data. This is done to keep the information up-to-date.
- **Output Function:** It is the visible function of HRIS which includes presenting the information with the help of computers.



### IV. HRIS IN BANKING SECTOR

Erstwhile, banking sector was limited to umpteen number of paper work, thus consuming much time. This manual system resulted in delays in commitment, inaccurate and incomplete information, inefficient documentation, and higher expenses incurred on maintenance and storage of files. But in recent years, both financial and non-financial processes in banks have undergone a complete transformation. The banking sectors has shifted from manual to computer-aided automated systems, which not only has reduced the processing time but resulted in better customer satisfaction. HR department, thus, is playing multi-tasker by handling multiple roles at the same time, viz, an information center, internal consultant, change agent, service provider, cost manager, business partner, facilitator, and a consultant.

Thus, need for a systematic yet automated system was required to streamline the banking function and processes. So in order to perform all functions banks need to ensure that they have an effective system to retrieve and manipulate all HR data, and here comes HRIS in picture. HRIS is continuously growing in banking sector because of effective role which banks are playing in socio-economic development. At the same time high expectations of the society from banking industry can only be met by integrated HR system. An effective HRIS makes sure that banks are hiring best people suitable for jobs, providing them with necessary training, ensuring sustainability of the employees, fair treatment with employees, high people strategies to meet the goals, rewarding by best compensation policies, etc.

HRIS plays a crucial role in the development of information technology for effective management of human resources functions and applications. **The need and benefits for HRIS** can be justified with the help of following points:

- Efficient management of human resources
- Growth and development of banking industry
- Coping up with legal and societal demands
- Integrating human resources data
- Keeping information up-to-date
- Better customer experience
- Decision making process
- Satisfying employees by prompt HR services
- Improved budget management

Various **functions of HRIS** in banking sector are as follows:

- Reservoir of Employee Information
- Source of Information for Recruitment and Hiring
- Maintenance of Payroll of Employees along with their leave record
- Calculating and Processing of Employee Benefits for all the Employees
- Record keeper of Daily Attendance
- Smoothens the Process of Performance Management by Supplying all Relevant Information
- Tracks the Training and Development Session of Employees
- Ensures Data Privacy and Data Security

#### V. GROWTH OF HRIS IN BANKING SECTOR IN DEVELOPING COUNTRIES

From a cornered function to a strategic function, Human Resource Management (HRM) has played a vital role in

banking transformation. It played a major role in organizing and maintaining human resource in the organization. Initially, only few of the banks has adapted the intervention of technology into HR system, but now majority of banks in India is taking benefits of intertwining of HRIS with the developments of IT. The role of HRIS is now turning into a more strategic function. By strategic function, it means that HRIS is now used as a decision-making tool and helps in long-term planning related to recruitment, retention, training and development, etc. The aims of HRIS strategy in banking are as follows:

- To recognize the value of people
- To make others understand the implications of HR proposal and the HR constraints if they fail to take action on right time
- To align HR objective with the corporate objective
- To inculcate corporate culture and processes to enable people to do their jobs better
- To match the need of competencies required by organization with the competent people
- To ensure the development of employees' competencies through organizational resources
- To determine levels of employee commitment and probe the ways for improving them

#### VI. PROBLEMS IN IMPLEMENTING HRIS IN DEVELOPING COUNTRIES

Though the status of banking sector has improved a lot in developing countries like India, but still these countries are somewhere lagging in adapting newer ways of processing the information. The chart below depicts the HRIS in banking sectors in some of the developing countries:

Country	Bank	Description
India	SBI	SBI uses HR software interfaces. Interfaces allow for data to be transferred from one system to another. HRIS assures that the data in system is up to date and accurate. So, it enables integrated HR payroll software solutions.
Pakistan	SBP	SBP uses oracle based HRIS in different units like employees database unit, service record & compliance unit, HR automation unit etc. HRIS enables discovery of more efficient and less time consuming processes. It also enables efficient performance management of employees.
Indonesia	BI	BI employs HRIS to store data of more than 6000 employees. For this purpose, it deploys a database application, known as SIMASDAM. Strategically, the bank has strengthened IT support and information system. However, it has been observed that BI has not properly estimated its system requirements while employing HRIS. Adoption of HRIS can help BI tremendously, if it correctly identifies its system requirements and level of sophistication.
Thailand	BT	BT employs HRIS as a Management Information System (MIS) for training administration, time management, customized payroll management etc. Furthermore, HRIS is used for employee life-cycle, relationship and transaction management.
Srilanka	SB	SB is using HRIS to re-engineer its business processes. It plans to cover all records of employees from their recruitment till their retirement. So, it intends to cover information like employees personal information, work details, leave records, payroll information etc in HRIS. For this purpose, a sophisticated and well integrated HRIS need to be deployed.
Kenya	KCB	KCB employs oracle based HRIS to keep pace with the changing needs of organization and work force. HRIS helps KCB to efficiently manage employee records. Oracle database is used as a single source of information. This eliminates data redundancy, reduces the possibility of conflicting data in different databases, and creates a consistent, complete as well as a reliable picture of every employee.

While implementing HRIS in its system, which includes not only private sector banks but also public sector banks, developing countries are facing certain challenges. Some of these challenges are as follows:

- HRIS involves reengineering of business processes and system, which banks finds hard to adopt
- Lack of sufficient training to bank employees to work of HRIS
- Lack of sufficient infrastructure to support HRIS
- Fear of failure
- Lack of sufficient resources
- Cost of installing such software
- Resistance of internal employees
- Fear of insecurity among employees
- Fear of loss of information and misuse of such information
- Lack of preparation before implementation

#### VII. ROLE OF OD INTERVENTION IN OVERCOMING RESISTANCE FOR HRIS

Organizational Development (OD), in recent year, has gained much prominence due to its applicability in bringing a planned change in the organization. According to Porras, **Robertson & Goldman** (1990) OD is “aimed at the planned change of the organizational work setting for the purpose of enhancing individual development and improving organizational performance, through the alteration of organizational member’s on the job behaviors”. OD is a collection of strategies designed to help organizations adapt to change, quicker and with better results.

Under OD, organizations either hire external consultants or internal employees to bring planned change in the organization. There are various tools which can be used to bring such change in an organized manner like sensitivity training, managerial grid, performance management, Management by Objective (MBO), quality circles, etc.

With reference to implementation of HRIS in banking sector, OD intervention can play an indispensable role by overcoming the resistance among the employees and the banks towards change. It helps in inculcating a culture of change gradually by preparing the banks and its employees for the transformation. Some of the benefits of OD intervention in HRIS implementation in banks are as follows:

- **Effective and transparent communication system**
- **Facilitating two-way interaction process**
- **Continuous improvement in the system with gradual efforts**
- **Employee training and development**
- **Improving interpersonal relationships**
- **Developing an open culture**
- **Better quality of work**
- **Increased employee satisfaction**

#### • **Creating a learning environment**

Lewin has put forth the model of OD which is used to implement a planned and functional change in the organization. It is based on premises that before actually introducing a change, an organization needs to be prepared for change. In addition, employees should be motivated to change and established and integrated the change into behaviors of organization Accordingly, Lewin has nomenclature these steps as unfreezing, changing and refreezing. A brief description of these follows.

**Unfreezing:** This necessitates unlearning of old things in order to learn new things. The same is called unfreezing. Unfreezing involves encouraging individuals to discard old behaviors by shaking up the equilibrium that maintains status quo.

**Changing:** Once the past learnings and experiences have unlearned, an individual is now ready for new behavior and a change in perspective. Efforts are, then, made to substitute new attitudes, values and behaviors for old ones. This implies transition from old behavior to experimentation with new behavior.

**Refreezing:** In this final step, new attitudes, values, and behaviors are established as the new status quo. For this, the new ways of operating are cemented in and reinforced. This implies stabilizing and integrating the change by reinforcing the new behaviors and integrating them into formal and interpersonal relationships and in one’s personality.

#### VIII. LIMITATIONS OF THE STUDY

- The study is confined to secondary data and all the facts and figures is based on the data collected through online sources.
- The paper fails to highlight the HRIS tools used by exiting banks as these are confidential information and unavailable on banks’ official sites.

#### IX. CONCLUSION

HRIS in banking sectors can prove to be an added advantage provided employees are able to enhance their capabilities, competencies, and capacities. At the same time, banks should do efforts to attain maximum cooperation from its employees through atmosphere of trust and confidence. The paper highlighted the importance of HRIS in banks, but it will only be fruitful if this transformation from manual to automation is implemented through a planned and collaborated efforts of all. And this can be easily attained through efficient and effective use of OD interventions and its tools. India is no doubt a developing country, but the initiatives done by banks in making the banking sector at par with developed economy is highly commendable. However, the need of the hour is to prepare employees for this change so that they can contribute towards the cause. As without their coordination and

cooperation this transformation will prove to be fatal and failure.

#### REFERENCES

- [1]. [www.scribd.com](http://www.scribd.com)
- [2]. [www.academia.edu](http://www.academia.edu)
- [3]. <http://www.ijcim.th.org>
- [4]. <http://shodhganga.inflibnet.ac.in>