

The Impact of Electronic Human Resource Management (e-HRM) Practices on Organizational Performance in the Banking Sector in Ampara District

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Abstract

Financial institutions are at the heart of the economy's financial stability. Most financial organizations are now widely using e-HRM practices in order to attain long-term competitive advantage. Electronic Human Resource Management (e-HRM) evolved as a result of new technology, and it leads to the elimination of administrative burdens on Human Resource (HR) professionals. However, there has been a noticeable shortage of empirical investigations on this phenomenon in the Sri Lankan setting. This study's key contribution is to expand understanding and evaluate the influence of e-HRM practices on organizational performance. The purpose of this study was to investigate how e-HRM practices influenced organizational performance in the banking sector in the Ampara District. We used stratified random sampling with a sample size of 200 employees in the banking sector. Questionnaires were distributed to collect primary data and the data collected was analyzed using the Statistical Package for Social Sciences (SPSS 26.0). This study's findings indicated that e-HRM has a major impact on organizational performance. Organizations that implement e-HRM practices strategically and methodically witnessed increased efficiency and effectiveness in their performance.

Keywords: Electronic Human Resource Management (e-HRM) practices, Organizational performance, banking sector.

Introduction

Information technology is changing the way Human Resource (HR) departments handle record keeping and information sharing. It decreases the paperwork substantially and allows easy access to voluminous data. The processing and transmission of digitalized Human Resource (HR) information are called Electronic Human Resource Management (e-HRM) (Nenwani & Raj, (2013). The use of technology in Human Resource Management (HRM) electronically is called Electronic Human Resource Management (e-HRM), meaning the application of web-based techniques in Human Resources (HR) related systems and functions (Hopkins & Markham, 2006).

Electronic Human Resource Management (E-HRM) is an inevitable era for Human Resource (HR) applications in organizations especially in the banking context which is dominated by information technologies. Because of this, Human Resource (HR) practitioners' and researchers' interest in Electronic Human Resource Management (e-HRM) has increased, there are many empirical studies represent a variety of contexts, factors and measures of Electronic Human Resource Management (e-HRM) (Fındıklı & beyza Bayarçelik, 2015).

Ahmed (2019) asserts that as a result of technological advancements, businesses now see the value of implementing ICT to streamline Human Resources Management (HRM) duties. Organizations now regard investing in information and communication technologies (ICT) as crucial to improving their productivity and increasing profitability. To increase productivity, some businesses have implemented information technology (IT) into their everyday operations (Ebid, Ali, Saqr, Magdy, & El-Fass, 2021).

Electronic human resource management, or e-HRM, has advanced in the banking industry and has been expanding quickly in recent years. It is one of the newest areas of human resource management (HRM), with the goal of streamlining bank processes to expedite HR functions, cutting expenses, and releasing staff members from bureaucratic restraints so they can carry out the newly created strategic role (Seifi & Ahangar, 2010). The integration of e-HRM into the organizational system is expected to significantly improve HRM operations and enhance organizational performance.

Problem Statement

The banking sector has increasingly adopted Electronic Human Resource Management (e-HRM) systems to streamline HR processes, reduce costs, and enhance decision-making. However, the actual impact of these systems on organizational performance remains underexplored and inconclusive, leading to varied results across different banks and regions.

Despite the widespread adoption of e-HRM practices, there is limited empirical evidence on how these systems influence organizational performance metrics, such as employee productivity, customer satisfaction, and financial outcomes in the banking sector.

While some studies suggest that e-HRM practices significantly enhance organizational performance by improving efficiency, accuracy, and strategic decision-making, other research presents a more skeptical view (Ahmed, (2019). Critics argue that the implementation of e-HRM systems can lead to challenges such as resistance to change among employees, loss of personal touch in HR interactions, and issues with data security and privacy (Methorst, (2017)). Furthermore, there is evidence suggesting that the benefits of e-HRM may not be uniformly realized across all banking institutions, with variations due to organizational size, culture, and technological readiness (Oyuru, 2023). These contradictory findings highlight the need for further investigation into the specific conditions under which e-HRM positively or negatively impacts organizational performance in the banking sector.

Understanding the impact of e-HRM on organizational performance is crucial for banking institutions to justify investments in these technologies. Insights from this research could guide HR strategy, enhance the alignment of HR functions with organizational goals, and inform policy decisions regarding technology adoption in HR.

Existing studies often focus on the technical aspects of e-HRM systems rather than their strategic impact on organizational performance. Additionally, there is a lack of comprehensive research specifically addressing the banking sector, which has unique regulatory, operational, and competitive environments. The purpose of this study is to examine how organizational performance in the banking industry of Ampara district is affected by Electronic Human Resource Management (E-HRM) practices.

Literature Review

e-HRM

The term e-HRM is combination of two words. First 'E' stands for 'Electronic' while term HRM can be defined as "the efficient and effective utilization of Human Resources in order to achieve goals of an organization" (Karunaratna & Nanayakkara, 2020). So, the term e-HRM can be defined as the effective utilization of HR functions via network or internet medium which are aligned with organizations common goals and objectives (Strohmeier, 2009). e-HRM is a relatively new phenomenon; literature in this area is still emerging. We have based our study on available literature and borrowed heavily from other disciplines like Information systems, organizational culture and behavior, organizational communication, and of course, human resource management.

e-HRM Practices

e-Recruitment System

Online recruitment is considered one of e-HRM function. It alludes to a website run by an online recruiting provider that enables businesses to advertise job openings on their corporate websites and accept electronic resume submissions from candidates via email. The location of resumes and current online searches are also included (Milon, Alam, & Pias, 2022). Top executives in an organization should have a basic idea about organizational structure, nature of operations, functions, hierarchy etc. A good organizational structure will also reflect in clear vision, mission, and value in order to encourage all employees to achieve a mutual goal (Choochote & Chochiang, 2015). An Information Management System aims to provide employees with clear roles and responsibilities, ensuring timely and accurate information to the right person.

Salary management, of course, concerns mostly with salary, remuneration and overtime payment received from the organization (Choochote & Chochiang, 2015). Salary management system covers all aspect of salary including deduction, Tax etc. An employee can get printed copy of a salary slip through the system. The learning and training system will encourage all employees to maximize skills, increase knowledge, and improve attitudes (Choochote & Chochiang, 2015). This system can identify enthusiastic and motivated employee and groom them properly to be an asset for the long terms.

Employees are greatly motivated by the welfare system. Typically, the welfare system includes provident funds, travel expense, gratuity, allowance etc. The welfares offered to the employees are designed to suitably meet the targeted organizational goal in accordance with the limitation of individuals in the database (Choochote & Chochiang, 2015). The career development system is one of the most important one in Electronic Human Resource Management (e-HRM) systems. As different employees have different skills and abilities, it is required to bring out their most excellent skills and abilities to ensure that each task can be accomplished thoroughly with regard to their educational backgrounds, work-related experiences and special qualifications to be evaluated by their respective managers, as part of the ambitious goal (Choochote & Chochiang, 2015).

Organizational Performance

As an organization's ability to satisfy expectations and desired long-term and short-term goals is measured by consistently registering earnings (for profit-making organizations) and properly resolving inherent business uncertainties, organizational performance can be defined (Roman & Piana, 2012). The ability of a company to outperform its expectations is a competitive advantage and a long-term performance indicator linked to a variety of financial, production, and market development aspects (Elsawy, 2021).

Organizational performance has prevailed as the greatest imperative standard in appraising organizations functioning; but scholars usually devote scant attention to the actual meaning of performance and how to effectively measure it (Al-Matari, Al-Sharafi, & Hajar, 2023). The determination of organizational performance can be done through measuring the actual output or results of an organization versus its objectives and goals. According to (Richard, Devinney, Yip, & Johnson, 2009), performance in an organization incorporates three critical parts of the outcomes of the organization: (a) shareholder return (economic value added, total shareholder return, etc.) (b) Product market performance (sales, market share, etc.), and (c) financial performance (profits, return on investment, return on assets, etc.). Sink, Tuttle, & Shin (1989), The study developed comprehensive frameworks for measuring organizational performance using six measurements: effectiveness, efficiency, quality, timeliness, finance, and workplace environment, ensuring proper evaluation of all areas (Sink, Tuttle, & Shin, 1989).

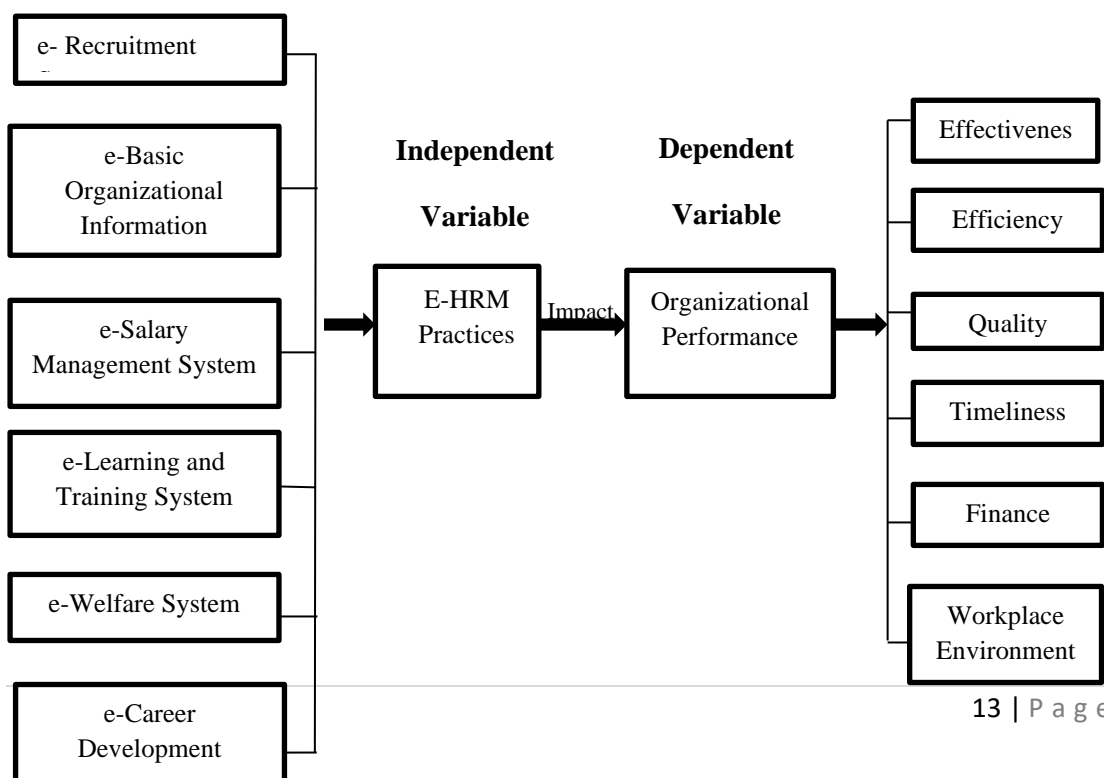
Methodology

The research was conducted in a natural environment, where work was regularly performed. No factors were manipulated or adjusted. This study relied on primary data. The primary data were acquired using a structured questionnaire. The survey was conducted among banking sector employees from selected banks in the Ampara district.

Conceptual Framework

A conceptual framework is a tool researchers use to guide their inquiry; it is a set of ideas used to structure the research (Marshall & Rossman, 2006). The major function of a conceptual framework is to enable the researcher to find links between the existing literature and his own research goals (Greener, 2008). The relationship between the study's variables-primarily, organizational performance and Electronic Human Resource Management (e-HRM) practices-is demonstrated by the conceptual framework. The electronic human resource management (e-HRM) practices, which comprise the e-Recruitment, e-Basic organizational information management, e-Salary management, e-Learning and training, e-Welfare, and e-Career development systems, were the independent variable and the dependent variable was organizational performance. The following hypothetical model in the figure below illustrates the assumed relationships between the variables under investigation.

Figure 1: Conceptual Model



Source, Adopted and modified from: (Ahmed, 2019)

Literature describing the relationship between variables, Ahmed (2019), found that e-Learning and Training System, e-Salary Management System, e-Welfare System, e-Recruitment System, and e-Career Development System have a positive relationship with organizational performance. The study revealed that there exists a significant relationship between e-recruitment and the performance of staff in some selected banks in Nigeria (Oyuru, 2023). This is as a result of the fact that the use of e-recruitment systems and related applications actually enhances the delivery of services, raises the quality of services provided by the Human Resources Management Division, and increases the effectiveness of human resource management procedures. The study also demonstrated that the organization's worker remuneration is fair and just. The study also revealed a positive value which means that a percentage increase in e-compensation leads to an increase in productivity and efficiency level of staff in some selected banks in Nigeria (Oyuru, 2023).

Based on the above literature survey and conceptual framework, the following hypotheses has been developed.

H₁: There is a significant impact of e-Recruitment system on organizational performance.

H₂: There is a significant impact of e-Basic organizational information management system on organizational performance.

H₃: There is a significant impact of e-Salary management system on organizational performance.

H₄: There is a significant impact of e-Learning and training system on organizational performance.

H₅: There is a significant impact of e-Welfare system on organizational performance.

H₆: There is a significant impact of e-Career development system on organizational performance.

H₇: There is a significant impact of e-HRM practices on organizational performance.

Data Collection and analysis

Data was collected through a structured questionnaire from 200 employees working in banks in the Ampara district and secondary sources, including journals, articles, and websites. The research utilized stratified random sampling to gather data which was classified based on their designations. Using SPSS 26.0 for data analysis, correlation and regression analysis were used to draw the conclusions.

Findings

The researcher used thirty e-HRM practices and twelve organizational performance items to assess respondents' perceptions of e-HRM availability in their banks. The instrument had a good degree of reliability with a Cranach's alpha of 0.91, indicating its reliability in assessing the quality of six dimensions.

Table 01: The Reliability Analysis of the variables of e-HRM and Organizational Performance

Variables	Cronbach's alpha
e-HRM	.978
e-Recruitment System	.930

e-Basic Organizational Information Management System	.936
e-Salary Management System	.938
e-Learning and Training System	.940
e-Welfare System	.940
e-Career Development System	.955
Organizational Performance	.963

(Source: Survey Data, 2023)

The analysis revealed that e-HRM practices and Organizational Performance have excellent reliability levels, with 30 and 12 indicators respectively, based on six dimensions.

Descriptive statistics

Table 02: below gives details about the descriptive statistics of the independent and the dependent variables.

	Mean	Std. Deviation
e-HRM practices	4.29	0.9053
Recruitment System	4.23	
Basic Organizational Information Management System	4.24	.891
Salary Management System	4.28	.899
Learning and Training System	4.34	.884
Welfare System	4.32	.913
Career Development System	4.33	.934
Organizational Performance	4.33	0.905

(Source: Survey Data, 2023)

The Ampara district banking sector is highly utilizing electronic human resource management practices, as indicated by a mean value of 4.29 and a standard deviation of 0.9053. The banking sector in Ampara district exhibits high organizational performance, with a mean value of 4.33 and a standard deviation of 0.905, indicating a highly enhanced level of performance.

Multiple Regression Analysis

Table 03: Regression Analysis Results – Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893 ^a	.801	.795	.377
a. Predictors: (Constant), Career Development System, Recruitment System, Basic Organizational Informational System, Salary Management System, Welfare System, Learning and Training System				

(Source: Survey Data, 2023)

The study's model demonstrates a strong positive relationship ($R = 0.895$) between independent and dependent variables, with an R Square value of 0.801. The model, which includes six independent variables for e-HRM practices and one cumulative dependent variable for organizational performance,

reveals that 80.1% of the variance in organizational performance is influenced by e-HRM practices, while 19.9% is influenced by other factors not studied in the research. This strong association between the two variables supports the study's findings.

Table 04: Regression Analysis Results – ANOVA Table

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	110.322	6	18.387	129.253	.000 ^b
	Residual	27.455	193	.142		
	Total	137.777	199			

a. Dependent Variable: Organizational Performance
b. Predictors: (Constant), Career Development System, Recruitment System, Basic Organizational Informational System, Salary Management System, Welfare System, Learning and Training System

(Source: Survey Data, 2023)

The ANOVA test showed a statistically significant model with a Sig. = 0.000 < 5%, indicating that at least one independent variable influenced the dependent variable. The model was significant for data, with an F-statistic value of 129.253 and a probability value of 0.000b (F=129.253, p,0.05), indicating that six independent variables (Career Development System, Recruitment System, Basic Organizational Informational System, Salary Management System, Welfare System, Learning, and Training System) were influential in implementing organizational performance in selected banks in Ampara district.

Table 05: Regression Analysis Results – Coefficients Table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.618	.137		4.518	.000
	Recruitment System	.234	.067	.256	3.500	.001
	Basic Organizational Information Management System	.066	.079	.070	.830	.408
	Salary Management System	.104	.086	.112	1.213	.227
	Learning and Training System	.220	.098	.234	2.253	.025
	Welfare System	.072	.088	.079	.817	.415
	Career Development System	.170	.082	.190	2.061	.041

a. Dependent Variable: Organizational Performance

(Source: Survey Data, 2023)

The regression results of the influence of six factors on the organizational performance of some selected banks in Ampara district are shown in table, Beta standardized coefficients are all variables have positive effect on the dependent variable. When there is an increase in the Recruitment System, Basic Organizational Information Management System, Salary Management System, Learning and Training System, Welfare System, and Career Development System it will leads to positive increase on organizational performance in some selected banks in Ampara district.

The Regression equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + e$) was.

$$OP = 0.618 + 0.234RS + 0.066BOIMS + 0.104SMS + 0.220LTS + 0.072WS + 0.170CDS + 0.137$$

The model reveals that recruitment, learning and training, and career development systems have the most significant impact on organizational performance at 0.000 level. This implies that when the organization uses recruitment, learning and training, and career development in an electronic way, organizational performance increases significantly. Further, Basic organizational information management system, salary management system, welfare system do not have significant impact at 0.05 level. The result of this study conforms to other studies' findings in this regard, for example, the result of this study agreed with the findings of (Ahmed, (2019).

Conclusion and Recommendation

This study examines the relationship between e-HRM practices and organizational performance in the banking sector in Ampara district. Data was collected from 210 questionnaires distributed; only 200 were returned. The results showed a positive correlation test and a significant impact of e-HRM practices on organizational performance, with an 80.1% impact in the banking sector. The study aimed to identify the level of e-HRM practices and their impact on organizational performance, highlighting the importance of implementing effective e-HRM practices for improved performance and future objectives.

This study focuses on the banking sectors in Ampara district, limiting its applicability to other areas. The results are specific to this sector, but could be different if replicated in a different geographical area, industry, demographic environment, economic context, or time frame. The study is cross-sectional and quantitative, using a quantitative approach, which is better for understanding the impact of e-HRM practices on organizational performance. The sample is selected from specific banking sectors in Ampara district, and there is a tendency for false ratings due to lack of knowledge about e-HRM

For further researches, during this study, the researcher encountered some areas for future research. This research has only been confined to the banking sector. Therefore, the same research can be extended to other service sector entities such as finance companies, insurance companies, manufacturing entities, etc. It will give findings as to how e-HRM practices impact the organizational performance of other banking sectors. Thus, comparative studies can be done in the different industries and will fill the methodological gap.

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