Role of Human Resource Information System in Banking Industry of Developing Countries

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Abstract- The deployment of Human Resource Information System (HRIS) in banking is the fruit of development of Information Technology (IT). It has emerged as an important interdisciplinary tool to achieve vital organizational Human Resource (HR) objectives. HRIS is applied in personnel administration, salary administration, leave/absence recording, skill inventory, medical history, performance appraisal, training and development, HR planning, recruitment, career planning, negotiations etc. In developing countries, the banking industry has gone from a basic process to convert manual information keeping systems into computerized systems. HRIS has become a vital tool to IT enable HR processes. In this paper, the role of HRIS in transforming the banking industry of developing countries is discussed. HRIS in banks of various developing countries like India, Pakistan, Indonesia, Thailand, Sri Lanka and Kenya are studied. It is done to explore the current status and potential utility of HRIS in developing countries. Based on the study, certain practical suggestions have been given to manage and improve HRIS in banking industry of developing countries. It comes out that an appropriate integrated IT platform should be chosen for HRIS. There should be effective harmonization between HR processes and IT platform. In the nutshell, this paper establishes HRIS as a prominent interdisciplinary tool to effectively manage organizations and brings forth synergies among disciplines of HR, IT and banking in the context of developing countries.

Keywords- Banking industry, developing countries, HRIS, IT

I. INTRODUCTION

Human Resource Information System (HRIS) is a concept which utilizes the development of Information Technology (IT) for effective management of the Human Resource (HR) functions and applications. HRIS enables systematic procedure for collecting, storing, maintaining, and recovering data required by the organizations about their human resources, personnel activities and organizational characteristics [1]. It acquires, stores, manipulates, analyzes, retrieves, and distributes information about an organization’s human resources [2].

HRIS helps organizations in managing all HR information. It helps in recoding and analyzing employees and
organizational information and documents, such as employee handbooks, emergency evacuation and safety procedures [3][4]. It helps organizations to keep an accurate, complete and updated database that can be retrieved from reports and manuals [5]. For instance, the University of Minnesota at Rochester generates a payroll distribution report, which identifies university employees’ salaries from different accounts such as academic department account, administrative department account and research grant account. Such a report typically takes thirty hours to generate, but through HRIS it can be done in minutes by the end users [6].

The nature of HRIS varies among organizations in relation to their size. In small organizations, it tends to be informal whereas in large organizations, it is more formal and coordinated. Lengnick-Hall and Moritz prompt HRIS to be implemented at three different levels [7]:

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

II. COMPONENTS OF HRIS

There are three major functional components of HRIS [8]:

- Input function – It enters personnel information into the HRIS. Data entry in the past had been one way, but today, scanning technology permits scanning and storage of actual image of an original document, including signatures and handwritten notes.
- Maintenance function – It updates and adds new data to the database after data have been entered into the HRIS.
- Output function – It is the most visible function of HRIS. In order to generate valuable output for computer users, HRIS processes output, makes necessary calculations and formats the presentation.

It should be noted that most important elements of HRIS are not the computers, rather, the information. So, the components of HRIS should support validity, reliability and utility of information.

III. HRIS IN BANKS

In recent times, the financial as well as non-financial processes of banks have undergone significant transformation. The manual system adopted by the banks was the cause of procedural delays, outdated as well as inaccurate information, improper documentation, higher expense of storing files and their safety. HRIS has transformed banks financial as well as non-financial processes from manual to automatic computerized systems. Banks are able to integrate different HR functions by using third generation of feature-rich, broad-based and self-contained HRIS.

The third generation HRIS is much more than a mere data repository and has hastened the emergence of Strategic HRM in banks of developing countries [9]. Due to Strategic HRM, banks’ HR professionals are encouraged to innovate their IT usage and become more effective [10][11]. HR department is emerging as an information center, internal consultant, change agent, service provider, cost manager, business partner, facilitator, and consultant [12].

IV. HRIS IN BANKING INDUSTRY OF DEVELOPING COUNTRIES

Historically, the banking industry of developing countries has faced significant difficulties. HRIS is causing significant benefits for the banking industry of developing countries. In order to ascertain the benefits, prominent banks in some developing countries are selected. For example, State Bank of India (SBI) is the largest state-owned bank with largest branch network in India. So, it is chosen for the study of HRIS. Likewise, prominent banks are selected for Pakistan, Indonesia, Thailand, Sri Lanka and Kenya. The prominent banks of selected developing countries along with their necessary details are shown in Table 1.
In each of the prominent banks shown in Table 1, HRIS adopted by them is studied. The description of HRIS adopted by each bank in a developing country is represented in Table 2.

### TABLE 1
**PROMINENT BANKS IN DEVELOPING COUNTRIES**

<table>
<thead>
<tr>
<th>Country</th>
<th>Prominent Bank</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>State Bank of India (SBI)</td>
<td>SBI is the largest state-owned Indian banking and financial services company by total assets and turnover. It has the largest branch network in India with over 16,000 branches. It also has more than 130 oversees branches [13].</td>
</tr>
<tr>
<td>Pakistan</td>
<td>State Bank of Pakistan (SBP)</td>
<td>SBP is the central bank of Pakistan. It regulates and supervises Pakistan’s financial system and conducts monetary policy. It manages foreign exchange and maintains close relationship with international financial institutions [14].</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Bank Indonesia (BI)</td>
<td>BI is the central bank of The Republic of Indonesia. It maintains the monetary stability and strengthens the effectiveness of monetary management. It maintains the security and effectiveness of the payment system [15].</td>
</tr>
<tr>
<td>Thailand</td>
<td>Bank of Thailand (BT)</td>
<td>BT is the central bank of Thailand. It strives to provide a stable financial environment for sustainable economic growth in order to achieve continuous improvement in the standard of living of the people of Thailand [16].</td>
</tr>
<tr>
<td>Srilanka</td>
<td>Sampath Bank (SB)</td>
<td>SB is a licensed commercial bank in Srilanka. It was the first bank in Srilanka to operate with fully computerized database and technologies. It first introduced ATMs and one day clearing of cheques in Srilanka[17].</td>
</tr>
<tr>
<td>Kenya</td>
<td>Kenya Commercial Bank (KCB)</td>
<td>KCB is a prominent financial service provider in Kenya. It is the largest banking network in the region having more than 150 branches throughout Kenya. It also possesses largest number of own-branded ATMs in Kenya [18].</td>
</tr>
</tbody>
</table>

### TABLE 2
**HRIS IN BANKS OF DEVELOPING COUNTRIES**

<table>
<thead>
<tr>
<th>Country</th>
<th>Bank</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>India</td>
<td>SBI</td>
<td>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.</td>
</tr>
<tr>
<td>Pakistan</td>
<td>SBP</td>
<td>SBP uses oracle based HRIS in different units like employees database unit, service record &amp; 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.</td>
</tr>
<tr>
<td>Indonesia</td>
<td>BI</td>
<td>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.</td>
</tr>
<tr>
<td>Thailand</td>
<td>BT</td>
<td>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.</td>
</tr>
<tr>
<td>Srilanka</td>
<td>SB</td>
<td>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.</td>
</tr>
<tr>
<td>Kenya</td>
<td>KCB</td>
<td>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.</td>
</tr>
</tbody>
</table>
V. CHALLENGES IN IMPLEMENTATION OF HRIS

The effective implementation of HRIS requires re-engineering of business processes, which many banks find hard to adopt. The banks’ employees lack sufficient training to adopt the new system. At the same time, the information systems of most of the banks are disparate, which reduces their efficiency. So even if banks implement HRIS, it is a fairly long and peace-meal exercise. It is very important to view the implementation of HRIS as a whole to ensure system integrity.

VI. CONCLUSION

HRIS has a very wide scope in banks of developing countries. It is applied in personnel administration, salary administration, leave/absence recording, skill inventory, medical history, performance appraisal, training and development, HR planning, recruitment, career planning, negotiations etc. It is very important for a bank to clearly identify its system requirements before implementing HRIS. This would enable to decide the appropriate level of sophistication of HRIS and would lead to optimal utilization of scarce resources. HRIS database should be used as a single source of all information. This would lead to the development of an integrated HRIS platform for the whole organization. Such integrated platform is preferable over singular optimization as it leads to effective information exchange between HR processes and HRIS IT platform. Information management in HRIS can be outsourced if the underlying processes are coherent and there are foolproof privacy laws in place.

REFERENCES