

SUPERVISOR'S DECLARATION

'I hereby declare that have read this thesis and in our research is sufficient in terms of scope and quality. This project is submitted to Universiti Teknikal Malaysia Melaka as a requirement for completion and reward Bachelor Degree of Technopreneurship'

Signature :

Name : En. Amir Bin Aris

Date :

THE RELATIONSHIP BETWEEN HUMAN RESOURCE INFORMATION
SYSTEM (HRIS) AND HUMAN RESOURCE MANAGEMENT (HRM) IN
CORPORATE ORGANIZATION

NORFAZLINI BINTI MAHUSSAIN

A project paper submitted
In fulfilment of the requirements for the Bachelor Degree of
Technopreneurship

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

JUNE 2014

STUDENT'S DECLARATION

I declare that this project entitled “**The Relationship Between Human Resource Information System (HRIS) and Human Resource Management (HRM) in Corporate Organization**” is the result of my own research except as cited in the references. The project paper has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature :

Name : Norfazlini Binti Mahussain

Date :

DEDICATION

Specially dedicated to my father and mother, Mahussain Bin Ahmad and Namzan Binti

Daud thank you for your prayers

To my sisters Norfaslina and Nurafiqah, thank you for your concerns

For all the encouragement, big thanks to all my dear friends

ACKNOWLEDGEMENT

I have taken efforts in this task. Nevertheless, it would not have been possible without the kind support and helper of many people. I would like to offer my sincere thanks and admiration to all of them.

I am extremely indebted to Mr. Amir Bin Arias for his counsel and constant supervision as well as for supplying necessary information considering the project and also to Dr. Syaiful Rizal Bin Hamid for his concerns and counsel in completing the task.

I would wish to convey my special gratitude towards my parents, family and extra ones for their kind co-operation and encouragement which help me in the completion of this task.

My thanks and appreciations as well go to my colleague for motivation and support for the success of this enquiry and to those people who have willingly assisted me out with their abilities.

ABSTRACT

Human Resource Information System (HRIS) has become one of the most vital information systems in the market; it is a system used in the HR department. In this study there are four research objectives and it is (1) to investigate the relationship between the HRIS and HRM, (2) to investigate the relationship between HRIS and HRP, (3) to investigate the relationship between HRIS and recruitment and (4) to investigate the relationship between HRIS and training & development. Questionnaire be using in this research because it provided an efficient way of collecting responses from a large sample prior to quantitative analysis. Respondent is the HR executives and HR staff involved in HR planning and HRIS. Questionnaire consisted of scale questions of collecting opinions from the target respondents. SPSS (Statistical Package for Social Sciences) version 20 used to analyse the data set. Data collected through questionnaire be key-in to the software and generated the result needed by the researcher. The results show that Human Resources Planning (HRP) is the strongest relationship with HRIS. There is a high contribution of HRIS toward HRP. In the finding HRIS contributed 78.3% (R square = .783). Most organizations in Melaka observed the HRIS contribution to the efficiency of HR planning through HRIS training and HRIS recruitment. This study highlighted the need to offer more intelligent capabilities of HRIS to increase the effectiveness of HR plan. However, there are also a significant relationship between HRIS and both recruitment and training & development. There's a positive relationship (R square = .751) between HRIS and training & development. HRIS had contributed 75.1% to the training & development and HRIS had contributed 62.6% to recruitment which is the lowest among three variables. All the result of the findings proved that there are significant relationships between the variables.

ABSTRAK

Sistem Maklumat Sumber Manusia (HRIS) telah menjadi salah satu sistem maklumat yang paling penting dalam pasaran; ia adalah satu sistem yang digunakan dalam jabatan HR. Dalam kajian ini terdapat empat objektif kajian dan ia adalah (1) untuk menyiasat hubungan antara HRIS dan HRM, (2) untuk mengkaji hubungan antara HRIS dan HRP, (3) untuk menyiasat hubungan antara HRIS dan pengambilan dan (4) untuk menyiasat hubungan antara HRIS dan latihan & pembangunan. Soal selidik menggunakan dalam kajian ini kerana ia menyediakan satu cara yang berkesan mengumpul jawapan daripada sampel yang besar sebelum analisis kuantitatif. Responden adalah eksekutif HR dan kakitangan HR yang terlibat dalam perancangan dan HRIS HR. SPSS versi 20 yang digunakan untuk menganalisis set data. Data dikumpulkan melalui soal selidik menjadi kunci masuk bagi perisian dan menjana hasil yang diperlukan oleh pengkaji. Keputusan menunjukkan bahawa Perancangan Sumber Manusia (HRP) adalah hubungan kuat dengan HRIS. Terdapat sumbangan yang tinggi ke arah HRIS HRP. Dalam HRIS dapatan menyumbang 78.3% ($R^2 = .783$). Kebanyakan organisasi di Melaka diperhatikan sumbangan HRIS untuk kecekapan perancangan HR melalui latihan HRIS dan pengambilan HRIS. Kajian ini menekankan keperluan untuk menawarkan keupayaan lebih pintar daripada HRIS untuk meningkatkan keberkesanan rancangan HR. Walau bagaimanapun, terdapat juga hubungan yang signifikan antara HRIS dan kedua-dua pengambilan dan latihan & pembangunan. Ada hubungan yang positif ($R^2 = 0,751$) antara HRIS dan latihan & pembangunan. HRIS telah menyumbang 75.1% kepada latihan & pembangunan dan HRIS telah menyumbang 62.6% kepada pengambilan yang paling rendah di antara tiga pembolehubah. Semua hasil daripada penemuan membuktikan bahawa terdapat hubungan yang signifikan di antara pembolehubah.

CONTENTS

CHAPTER	TITLE	PAGE
	DECLARATION	ii
	DEDICATION	iii
	ACKNOWLEDGEMENT	iv
	ABSTRACT	v
	ABSTRAK	vi
	TABLE OF CONTENT	vii
	LIST OF TABLES	xi
	LIST FIGURES	xii
	LIST OF ABBREVIATIONS	xiii
	LIST OF APPENDICES	xiv
 CHAPTER 1	 INTRODUCTION	
	1.1 Introduction and Background of Research	1
	1.2 Problem Statement	2
	1.3 Research Objective	4
	1.4 Hypotheses	4
	1.5 Scope of the Study	5
	1.6 Limitation of the Study	6
	1.7 Importance of Concept and Operational	7
	1.7.1 Contribution to Knowledge	7

1.7.2	Contribution to Practice	7
1.8	Definition of Concept and Operational	8
1.8.1	Human Resource Information System	8
1.8.2	Human Resource Planning	8
1.8.3	Recruitment	9
1.8.4	Training & Development	10

CHAPTER 2 LITERATURE REVIEW

2.1	Introduction	11
2.2	Human Resource Management	12
2.2.1	Human Resource Planning (HRP)	13
2.2.1.1	Assessing Human Resources	14
2.2.1.2	Demand Forecasting	14
2.2.1.3	Supply Forecasting	14
2.2.1.4	Matching Demand & Supply	15
2.2.1.5	Action Plan	15
2.2.2	Recruitment	16
2.2.3	Training & Development	17
2.3	Human Resource Information System (HRIS)	18
2.3.1	Overview of Modern HRIS and Traditional HRIS	20
2.3.2	Human Resource Transformation and Human Resource Information System	21
2.4	Human Resource Information System (HRIS) and Human Resource Management (HRM)	22
2.5	Conceptual Framework	25

CHAPTER 3 RESEARCH METHOD

3.1	Introduction	27
3.2	Research Design	28
3.3	Research Location	29
3.4	Research Subject	29
3.5	Research Instrument	30
3.6	Data Analysis Method	32

CHAPTER 4 DATA ANALYSIS

4.1	Introduction	33
4.2	Findings	34
4.2.1	Response Rate	34
4.2.2	Presentation of Respondents	35
	Demographic Data	
4.2.2.1	Company Size	35
4.2.2.2	How Long the Respondent Company Established	36
4.2.2.3	How Long the Respondent HR Department Established	36
4.3	Objectives and Hypotheses Test	37
4.3.1	Objective 1: To Investigate the Relationship Between HRIS and HRM	38
4.3.2	Objective 2: To Investigate the Relationship Between HRIS and HRP	39
4.3.3	Objective 3: To Investigate the Relationship Between HRIS and Recruitment	40
4.3.4	Objective 4: To Investigate the Relationship Between HRIS and Training & Development	41

4.4	Summary	42
CHAPTER 5	DISCUSSION, CONCLUSION AND RECOMMENDATION	
5.1	Introduction	44
5.2	Discussion of Objectives and Hypotheses Test	45
5.2.1	Objective 1: To Investigate the Relationship Between HRIS and HRM	45
5.2.2	Objective 2: To Investigate the Relationship Between HRIS and HRP	46
5.2.3	Objective 3: To Investigate the Relationship Between HRIS and Recruitment	48
5.2.4	Objective 4: To Investigate the Relationship Between HRIS and Training & Development	49
5.3	Conclusion of the Discussion	50
5.4	Recommendation	50
5.4.1	Recommendation for the Organizations	51
5.4.2	Recommendation for Future Research	51
	REFERENCES	52
	APPENDIX	56

LIST OF TABLES

TABLE	TITLE	PAGE
3.1	Five point Likert – scales used in the questionnaire	30
3.2	Analysis method for analyse research objective	32
4.1	Respond rate for the questionnaire sent	34
4.2	Company size to which respondent belongs	35
4.3	How long for the respondents company established	36
4.4	How long for the respondents Human Resource Department established	37
4.5	Result of regression analysis to identify the relationship between HRIS and HRM	38
4.6	Result of regression analysis to identify the relationship between HRIS and HRP	39
4.7	Result of regression analysis to identify the relationship between HRIS and Recruitment	40
4.8	Result of regression analysis to identify the relationship between HRIS and Training & Development	41
4.9	Result of regression analysis between HRIS and HRP, Recruitment and Training & Development	42

LIST OF FIGURES

FIGURES	TITLE	PAGE
2.1	A HRIS model	24
2.2	The effect of independent variable toward dependent variable	29

LIST OF ABBREVIATIONS

ABBREVIATIONS	MEANS
HR	Human resource
HRM	Human resource management
HRD	Human resource development
HRP	Human resource planning
HRIS	Human resource information system

LIST OF APPENDICES

APPENDIX	TITLE	PAGE
A	Questionnaire	56

CHAPTER 1

INTRODUCTION

1.1 Introduction and Background of Research

A human resources department is a critical component of employee well-being in any business, no matter how small. Human Resource responsibilities include payroll, benefits, hiring, firing, and keeping up to date with state and federal tax laws. The evolution of the technology and computer has changed the way people doing their work due to the benefit of the technology. Back then Human Resource staffs were burdened with administrative work which has to do manually such as payroll, updating employees' data and training record.

Besides that, the information needed on human resource required by the management will take time to finish by the human resource department because the information is in different files. Information technology (IT) has changed the whole story line because human resource activities were automated and the human resource staff are able to play more strategic role in the organization. According to Shivarudrappa et al (2010) human resource department (HRM) is a management function that helps managers' recruit, select, train and develops member of an

organization. Human resource planning (HRP) played an important part in human resource management (HRM).

According to E. W. Vetter, Human resource planning is a process by which an organization should move from its current manpower position to its desired manpower position. Through planning, management strives to have the right number and right kinds of people, at the right places, at the right time, doing things which result in both the organization and the individual receiving maximum long-run benefit. Bruce P. Coleman said that manpower planning is defined as, the process of determining manpower requirement in order to carry out the integrated plan of the organization. To create an effective HRP in HRM, accurate information on human resource is needed because HRP needs the information to forecast the demand and supply of the employees. The researcher Farhad (2007) said that human resource information system is a computerized system used for acquiring, storing, manipulating, analysing, retrieving and distributing pertinent information regarding an organizations human resource. Kramel et al (2011) said by providing fundamental information for human resources planning and management, HRIS aid competition and strategic achievement for the organization. Human resource management activities needed to use Human Resource Information System as a system to do the human resource management activities. Various studies showed the evidence to affirm the relationship between human resource information system and human resource management in support or strategic decision making.

1.2 Problem Statement

The problem statement of this research is where most of the organization's main purpose employed the human resource information system to manage the administrative task and does not fully utilize it. There are many reasons why the organization that have the human resource information system does not fully utilize it. From a pilot survey by Wickramaratna (2009) stated that through organizations

use human resource information systems, they are not yet using any aspects of human resource information system due to lack of knowledge or lack of support from the existing system. The human resource department plays the vital role in organizations because it deals with the most valuable asset in an organization which is the human capital.

The purpose of human resource planning is to ensure that a predetermined number of persons with the appropriate knowledge, skills and abilities are available at a specified time in the future (Stone, 2011). This research would guide future human resource information system users to make optimum use of human resource information system functionalities in human resource planning and increase human resource planning effectiveness and efficiency and not employing it mainly for administrative work.

The research question will stated at below:

1. What is the relationship between human resource information system and human resource management?
2. What is the relationship between human resource information system and human resource planning?
3. What is the relationship between human resource information system and recruitment?
4. How has the human resource information system given the effect to the training & development?

1.3 Research Objectives

The objective of this study is to identify the relationship of the human resource information system (HRIS) and human resource planning (HRP) and also the relationship between the HRIS and both training and recruitment in the organization.

The objectives of the study are stated as below:

1. To investigate the relationship between human resource information system and human resource management
2. To investigate the relationship between human resource information system and human resource planning
3. To investigate the relationship between human resource information system and recruitment
4. To investigate the relationship between human resource information system and training & development

1.4 Hypotheses

For research purpose, null hypotheses are developed as follows:

1. Hypothesis 1
H₀: There are no relationship between human resource information system and human resource management
2. Hypothesis 2
H₀: There are no relationship between human resource information system and human resource planning
3. Hypothesis 3
H₀: There are no relationship between human resource information system and recruitment

4. Hypothesis 4

H₀: There are no relationship between human resource information system and training & development

1.5 Scope of the Study

The scope of this study is to investigate the relationship between human resource information system and human resource planning. Human resource management (HRM) has many activities and human resource planning (HRP) is one of it. HRP always has been mixed up with the strategic human resource management planning. According to Stone (2011), to avoid such confusion, human resource planning (HRP) is better described as employment planning. Human resource planning is important because it helps in determining the number to be employed in a new location, retaining highly skilled staff, managing an effective downsizing program and determining where the next generation of managers will come from. So, this research also will identify the relationship between human resource information system and both recruitment and training & development.

Stone (2011) said that the focus of human resource planning is on labour demand and labour supply. The first research objective in this study is to identify the relationship between human resource information system and human resource planning. The largest amount of accuracy employees' data is needed to do a human resource planning. Research showed how the accuracy and timeliness of human resource information system vary according to operating, controlling, and human resource planning activities (Ngai and Wat, 2006).

After that, this study also will investigate the relationship between human resource information system and both training and recruitment. Glaveli and Kufidu (2005) said that training was a tool for improving skills in need, the productivity and effectiveness of employees. The training design and implement must be carefully and must be linked to organizational goal and strategy. According to Darrag et al (2010) recruitment represents one of the core staffing activities that need to be efficiently

and effectively planned and conducted for organizations to attain success. Before they go for recruit external resources, human resource information system provided information for human resource to evaluate internal resources.

Target respondent for this research mainly will be the staff and executives from human resource department that use human resource information system for training and recruitment purpose because this group of people has knowledge in human resource information system and also some of them will use it for the purpose of planning. There are limitation identified in the research which is respondent will be assumed that they answer with logical and honest.

1.6 Limitation of the Study

This study will be conducted by the company around the Melaka. HR executives and HR staff were involved in this research study. The study was based on a big scale and mature company which is the numbers of employees in the company must be more than 100 employees.

This study will be based on quantitative analysis and used questionnaire as a survey method. Study subjects responded only based on the answers provided. The measurement tool in this study also consisted of items adapted from previous researchers. Although previous studies have highly reliable, but it is limited to the context of this study. To what extent honesty study subjects answered questions given handled are beyond the control of the researcher.

1.7 Importance of Project

The importance of this study is divided by two sections. That is a contribution to knowledge and contribution to practice. This study really benefit to the human resource department and to their manager to improve their knowledge about human resource information system.

1.7.1 Contribution to Knowledge

This project gives the benefits to the human resource department in every company by investigating the application of human resource information system as a human resource tool. The organizations that had employed the human resource information system and do not fully utilize it can enhance the capabilities of the human resource information system in their organization by this research.

1.7.2 Contribution to Practice

The relationship between the effectiveness of human resource information system and human resource planning and also how the relationship between human resource information system and training, and the relationship between human resource information system and recruitment is very important and can affect the human resource planning. Buelen (2009) said that the key element in the support human resource information system provides for the company human resource strategy is the availability of information as input for human resource relating decision making process. Human resource information system can also give an advantage in decision making system for the human resource planning that can align the human resource with the organization objective other than administrators. The human resource department is important to an organization, it is because there are managing the most valuable asset in the organization which is the human capital.

1.8 Definition of Concept and Operational

This section provides the operational definition for the purpose of clarification of the content that related to the title of this case study. Detail discussions on the concepts are presented in the following chapter in this case study.

1.8.1 Human Resource Information System

HRIS considered as a systematic procedure for storing, collecting, maintaining and recovering data required by an organization about their human resource, personnel activities and organization characteristic. (Kovach, K. A and Cathcart, C.E JR, 1999) According to Farhad Analoui (2007), human resource information system is a computerized system used for acquiring, storing, manipulating, analysing, retrieving and distributing pertinent information regarding an organization HR. Another definition of HRIS that from Sanjay Mohapatra (2009), stated that HRIS is a fully automated system, it primarily consists human resources information, history of employee training, recruitment management, payroll processing and etc.

In this research, the operational definition for HRIS had defined as a computerized system which is primarily consisting of human resource information, history of employee training, recruitment management and payroll processing.

1.8.2 Human Resource Planning

Human resource planning is the first step in the recruiting and selecting process, and is the process of deciding what position the company has to fill and how to fill them (Dessler and Tan, 2009). Another definition state that human resource planning is about securing that the correct number and mix of employees is available at the right place at the right time (Parker and Caine, 1996). According to Pattanayak

(2009), human resource planning is to incorporate the planning and control of human resources into the corporate level. According to Sambrook, 2005, the human resource plan, which should contribute to the overall business plan human resource planning (HRP) attempts to ensure there is a match between the demand and supply of labour, from the internal (ILM) and/or external (ELM) labour markets.

The operational definition of HRP in this research is human resource planning is to ensure the correct number, to forecast the demand of the employees and mix employees is available at the right place at the right time besides that and also need to make sure the training well plan to employees. The researcher will investigate the overall relationship between HRIS and HRP through recruitment and training.

1.8.3 Recruitment

Recruitment represents one of the core staffing activities that need to be efficiently and effectively planned and conducted for organizations to attain success (Darrag et al., 2010). According to Boateng (2007), recruitment is the process of searching for and attracting an adequate number of qualified job candidate, from whom the organization may select the most appropriate to field staff needs.

In this research, the operational definition will be used is, recruitment is the process of searching, analysing an adequate number of qualified job candidate, from whom the organization may select the most appropriate to field staff needs because this definition can help the researcher carry out clearly the relationship between HRIS and the recruitment.