HRM IN ELECTRONIC WAY - AN EMPIRICAL ANALYSIS OF ADOPTION TO HR FUNCTIONS IN BANKS AND LIFE INSURANCE COMPANIES IN KERALA

*Dr. U Sreevidya

Abstract

The Banking and Life Insurance sectors in Kerala, which plays a critical role in the state's economy, are no exceptions to the global trend of digitization. Public and private sector banks, along with life insurance companies, have begun integrating e-HRM into their operational structures. The increasing reliance on technology has prompted organizations to adopt Electronic Human Resource Management (e-HRM) systems to improve Efficiency, Accuracy and Overall Productivity. e-HRM refers to the use of digital tools and platforms to manage various HR functions. While considering the status of e-HRM, it is inevitable to go deeply into the issue and find out the various HR functions wherein this electronic mode has placed itself replacing the manual or traditional HRM. Therefore, the objective of the present paper is to analyse the extent to which the e-HRM is adopted to perform various functions in the selected Banking and Life Insurance Companies.

Keywords:- e-HRM, HRM, HR Functions, Banking Sector, Insurance Sector.

*H*uman Resource Management (HRM) landscape has undergone significant transformation in today's dynamic business environment. The increasing reliance on technology has prompted organizations to adopt Electronic Human Resource Management (e-HRM) systems to improve Efficiency, Accuracy and Overall Productivity. e-HRM refers to the use of digital tools and platforms to manage various HR functions, including Recruitment, Training, Performance Evaluation, Payroll and Employee Engagement. As businesses expand and diversify, especially in the financial sector, the need for streamlined HR processes becomes essential. In this

*Dr. U Sreevidya, Associate Professor & Head, PG & Research Department of Commerce, Government College Malappuram.

regard, the Banking and Life Insurance sectors in India, particularly in Kerala, have shown varying degrees of adoption of e-HRM systems.

However, the level of adoption varies across institutions, influenced by factors such as organizational size, nature of the workforce, technological infrastructure, and regulatory frameworks. While some organizations have fully embraced e-HRM, replacing traditional HRM practices, others continue to rely on a hybrid model, combining both electronic and manual systems.

Understanding the level of e-HRM adoption in these sectors is crucial for several reasons. First, it can reveal the potential for operational efficiency and cost savings. Second, it provides insights into how technological advancements can impact employee satisfaction and engagement. This paper seeks to explore the extent of e-HRM adoption in Banks and Life Insurance companies in Kerala. Specifically, the study examines how public and private sector institutions differ in their utilization of e-HRM for key HR functions. The aim is to provide a comprehensive understanding of the current state of e-HRM in the financial sector and to offer insights into the level of adoption in various HR activities.

Significance of the Study

The adoption of e-HRM in Public and Private Sector Banks and Life Insurance Companies in Kerala offers significant benefits, including enhanced HR efficiency, reduced administrative costs, and improved decision-making. Given the financial sector's complexity, standardizing HR practices across multiple branches ensures consistency in recruitment, payroll, and performance management.

e-HRM centralizes HR data, providing employees with self-service access for tasks like leave applications and record updates. Additionally, data analytics in e-HRM enables HR professionals to analyze workforce trends, improve decision-making, and ensure regulatory compliance, making it a crucial tool for modern HR management in the financial sector.

Scope of the Study

The adoption of e-HRM in Public and Private Sector Banks and Life Insurance Companies in Kerala enhances HR efficiency, reduces administrative costs, and improves decision-making. The financial sector's benefits from standardized HR practices across locations, ensuring centralized data management for recruitment, payroll, and performance appraisals. e-HRM also enables employee self-service and supports data-driven decision-making, aiding workforce planning and regulatory compliance.

Statement of the Problem

This study examines e-HRM adoption in Public and Private Sector Banks and Life Insurance Companies in Kerala, focusing on key HR functions and influencing factors. It analyzes recruitment, performance management, employee engagement, and payroll administration from managerial and operational perspectives. Data from 40 managers allow a comparative analysis between public and private institutions, offering insights into organizational differences in

e-HRM adoption. While limited to Kerala, the findings have broader relevance for similar industries in India.

Literature Review and Research Gap

Technological Integration in HRM:

Studies emphasize e-HRM's role in improving efficiency (Strohmeier, 2007) and strategic decision-making through HR analytics (Bondarouk et al., 2016). However, limited research explores its sector-specific impact, particularly in Indian Banking and Life Insurance.

Public vs. Private Sector HRM Practices

Research indicates slower e-HRM adoption in the Public sector due to bureaucratic resistance, whereas Private firms prioritize innovation (Teo et al., 2007). However, comparative studies on e-HRM adoption within India's financial sector remain scarce.

Challenges in e-HRM Adoption

Barriers such as cost, technical expertise, and employee resistance have been explored primarily in developed economies (Ruel et al., 2007; Marler & Fisher, 2013). There is a research gap in understanding these challenges within Kerala's financial sector.

Research Gap

While studies highlight e-HRM's benefits and adoption trends, empirical data on its integration in Kerala's Banking and Life Insurance sectors is lacking. Additionally, detailed comparative analyses between Public and Private sector institutions remain underexplored. This study aims to bridge these gaps.

Objective of the Study

- To analyse the level of adoption of e-HRM to various HR functions in Public and Private Sector Banks and Life Insurance Companies.

Methodological Design

The analysis level of adoption of electronic mode to various HR functions was done by collecting data from the selected 40 Managers of Public and Private Sector Banks and Life Insurance companies. The mean plot is used to present the descriptive. The statistical test applied was the Mann Whitney U test as the data collected through a structured questionnaire was not satisfying the normality assumptions, hence non-parametric test was applied. In order to fulfil the objective, a comparative analysis of Public and Private Banks as well as Insurance companies has been done with respect to the level of e-HRM adoption to various HR functions in their organisation. The banking and insurance sector is being compared for the above - mentioned criteria by taking the data collected from both Public and Private banks together as data for banking sector. Likewise, the data of Public and Private Insurance companies were combined together and taken as the data for Insurance sector.

Results and Discussion

Private Life Insurance companies adopt e-HRM extensively for recruitment (19.50) compared to Public Life Insurance (17.80). Similarly, Private Banks (16.00) surpass Public Banks (14.90) in recruitment adoption. In selection, Public Life Insurance (42.40) and Private Life

Table 1

e-HRM Adoption to Various HR Functions in the Selected Banks and Life Insurance Companies

Function	Organization	N	Mean Rank	Mann Whitney χ^2	Sig.
Recruitment	Bank	20	8.75	32.50	0.159
	Insurance	20	12.25		
Selection	Bank	20	9.00	35.00	0.230
	Insurance	20	12.00		
Placement	Bank	20	6.00	5.00	0.00***
	Insurance	20	15.00		
Attendance	Bank	20	8.00	25.00	0.013**
	Insurance	20	13.00		
Training	Bank	20	6.00	5.00	0.00***
	Insurance	20	15.00		
Appraisal	Bank	20	5.50	0.00	0.00***
	Insurance	20	15.50		
Compensation	Bank	20	8.50	30.00	0.03**
	Insurance	20	12.50		
Transfers and Promotions	Bank	20	7.75	22.50	0.03**
	Insurance	20	13.25		
Career Planning	Bank	20	5.50	0.00	0.00***
	Insurance	20	15.50		
Scholarships	Bank	20	6.00	5.00	0.00***
	Insurance	20	15.00		
Enquiries/ Discipline/ Vigilance	Bank	20	5.50	0.00	0.00***
	Insurance	20	15.50		
Grievance Handling	Bank	20	5.50	0.00	0.00***
	Insurance	20	15.50		

Source: Primary Data

Insurance (46.50) show higher e-HRM usage than Banks.

For placement, Private Life Insurance (19.50) outpaces Public Life Insurance (16.00). Private firms in both Banking (19.60) and Life Insurance (20.00) sectors utilize e-HRM for attendance management more than Public firms (19.10 and 18.90, respectively). Training adoption is similar in Banks (12.80 and 13.10), but lower in Public Life Insurance (11.10) than in Private (14.00).

Appraisal adoption is nearly identical in Banks (26.70 and 26.80), while Private Life Insurance (30.00) significantly exceeds Public (19.70). Private firms also lead in compensation, transfer, and promotion functions. Private Banks (23.60) and Insurance (24.00) surpass Public institutions in career planning. Scholarships are equally digitized in Banks, but Private Life Insurance (20.00) adopts e-HRM more than Public (9.50).

Private Life Insurance leads in electronic processes for discipline, vigilance (15.00 vs. 7.80 in Public Insurance), and grievance handling (25.00 vs. 16.10). While all institutions have adopted e-HRM, Public Banks and Life Insurance companies still rely on a hybrid model, whereas Private firms are predominantly electronic. Notably, Private Life Insurance companies demonstrate the highest e-HRM adoption, while Public Life Insurance lags across all functions.

Testing of Hypothesis

HRM effectiveness can be measured by the effectiveness of its functions. Right from the Recruitment to Grievance Handling the department deals with a lot of areas. It is worthwhile to note whether there is any difference between Banking and Life Insurance sector in case of e-HRM adoption to its various functions. For this the data collected from Public and Private Sector Banks were taken together as data of the Banking sector, likewise the data from Public and Private Life Insurance Companies are treated as data from Insurance sector.

Mann Whitney U Test was performed and the result shows that Recruitment and

Selection are not significantly different in both sectors where as there is significant difference in case of all other functions like Placement, Attendance, Training, Appraisal, Compensation, Transfers and Promotions, Career Planning, Scholarships, Enquiries/ Disciplines/ Vigilance, Grievance Handling and e-HRM functions between Banking sector and Life Insurance sector.

H0: Banking and Insurance Sectors do not differ significantly in terms of the level of adoption of e-HRM in performing various functions.

Out of the twelve variables analysed, significant statistical difference is witnessed in the case of ten variables. It is clear that there is significant difference between Banks and Insurance companies with respect to e-HRM adoption to various HR functions. Therefore, the Null Hypothesis that Banking and Insurance Sector do not differ significantly in terms of the level of adoption of e-HRM in performing various functions stands rejected.

Findings

- ***Recruitment*:** Private Life Insurance companies adopt electronic modes for recruitment more extensively than Public Life Insurance companies, as indicated by a higher mean value (19.50 vs. 17.80). Similarly, Private Banks employ more e-HRM for recruitment compared to Public Banks (16.00 vs. 14.90).

- ***election*:** Public Life Insurance companies use electronic modes

more in the selection process compared to Private Banks (46.50 vs. 36.30). Public Banks and Private Life Insurance companies are also more inclined towards e-HRM adoption in selection functions.

- **_Placement_**: Private Life Insurance companies show higher adoption of electronic modes for placement functions (19.50) compared to Public Life Insurance companies (16.00). Banks in both sectors demonstrate similar adoption of e-HRM for placement.

- **_Attendance_**: Private sector organizations in both Banking (19.60) and Life Insurance (20.00) show higher adoption of e-HRM for attendance management compared to their public counterparts.

- **_Training_**: Both Public and Private sector Banks almost equally adopt electronic modes for training (12.80 and 13.10, respectively). However, Private Life Insurance companies (14.00) use e-HRM for training more than Public Insurance companies (11.10).

- **_Appraisal:_** Both Public and Private Banks employ electronic modes for appraisals nearly equally (26.70 and 26.80). In contrast, Private Life Insurance companies show significantly higher adoption of e-HRM for appraisals (30.00) compared to Public Life Insurance companies (19.70).

- **_Compensation:_** Public institutions, both in the Banking and Life Insurance sectors, use fewer electronic systems for compensation management compared to Private institutions (12.80 vs. 12.60 for Banks, and 15.00 vs. 13.50 for Insurance).

- **_Transfer and Promotion_**: Public Banks use more electronic systems for transfer and promotion (13.40) compared to Private Banks (13.30). Public Life Insurance companies lag significantly in using electronic systems for these functions, still relying on traditional methods.

- **_Career Planning_**: Private Banks (23.60) and Private Life Insurance companies (24.00) employ e-HRM for career planning more effectively than Public Banks (22.00) and Public Life Insurance companies (13.30).

- **_Scholarships_**: Both Public and Private Banks show similar usage of electronic systems for scholarships (16.70 and 16.80). However, Private Life Insurance companies use more electronic systems (20.00) compared to Public Life Insurance companies (9.50).

- **_Enquiries/Discipline and Vigilance_**: Private Life Insurance companies employ electronic modes most frequently for enquiries, discipline, and vigilance tasks (15.00), compared to Public Life Insurance companies (7.80) and Banks.

- **_Grievance Handling_**: Private sector companies, both Banks and Life Insurance, show higher adoption of e-HRM for grievance handling compared to their Public counterparts.

■ **Overall Adoption**: Private Life Insurance companies have adopted e-HRM across all functions more extensively compared to Public Life Insurance companies and Banks in both sectors. Public sector Banks and Life Insurance companies still use a combination of traditional and electronic modes for HR tasks.

■ **Hypothesis Testing**: The Mann-Whitney U test shows no significant difference between Banking and Life Insurance sectors in recruitment and selection. However, significant differences are observed in Placement, Attendance, Training, Appraisal, Compensation, Transfer and Promotion, Career Planning, Scholarships, Enquiries/Discipline/Vigilance, And Grievance Handling.

Suggestions

• **Enhance e-HRM Adoption in Public Sector**: Public Sector Banks and Life Insurance companies should focus on increasing their adoption of e-HRM systems across various HR functions, particularly in areas like compensation, transfer, and promotion. This will ensure better efficiency and alignment with industry trends.

• **Training and Development**: Both Public and Private sector institutions should invest in training their HR personnel to handle e-HRM systems more effectively, ensuring a smooth transition from traditional to electronic HR practices.

• **Standardization of HR Functions**: Private sector organizations, particularly Life Insurance companies, have successfully integrated e-HRM into their HR functions. Public institutions can adopt similar standardization practices to ensure consistency in HR management across all departments.

• **Address Resistance to Change**: Public institutions may face resistance to adopting e-HRM due to bureaucratic and traditional work culture. Efforts should be made to foster a culture of change and innovation, promoting the advantages of e-HRM systems.

• **Improve Technological Infrastructure**: Public sector organizations, particularly in Life Insurance, need to upgrade their technological infrastructure to facilitate the efficient use of e-HRM systems.

• **Focus on Data Security**: As more institutions transition to electronic systems for HR functions, attention should be given to data privacy and security, ensuring that sensitive employee information is protected.

• **Expand e-HRM Use in Grievance Handling**: Given the importance of grievance handling in maintaining employee satisfaction, Public Sector Banks and Insurance Companies should increase their reliance on e-HRM for this function to ensure faster and more efficient resolution of employee concerns.

• **Private Sector as a Benchmark**: Public institutions can use the Private Sector, particularly Private Life

Insurance Companies, as a benchmark for their e-HRM adoption strategies. The private sector's success in fully integrating electronic systems for HR functions can serve as a model for public institutions to follow.

Conclusion

The adoption of e-HRM in the Banking and Life Insurance sectors in Kerala represents a significant shift towards modernizing HR functions. While both Public and private sector organizations are integrating technology into their HR processes, the level of adoption varies, with Private institutions generally being more proactive. This study highlights the benefits of e-HRM, such as improved efficiency and data-driven decision-making, while also acknowledging the challenges related to its implementation. The findings of this research contribute to the growing body of knowledge on e-HRM and provide practical insights for HR professionals and policymakers in the financial sector. Future research could expand on these findings by exploring the long-term impacts of e-HRM on employee satisfaction and organizational performance.

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