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MASTER OF BUSINESS ADMINISTRATION

AN EXPLORATIVE STUDY ON THE IMPLEMENTATION OF E-HRM IN CIMB BANK

Author: VINOD A/L VENKATESAN

Student No: I06003365

Supervisor: MISS BIBI NABI AHMAD KHAN

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Abstract

As of the globalization era there has been many changes,takes place which can be seen clearly in many aspects .This globalization takes place because of the Information Technology (IT) that is growing rapidly. The growth of the IT has lead people to change in a way of doing things more effective and efficient. Previously, in organization most of the things would be done manually and it is solely human based but now everything has changed where organization has moved on towards the IT application. A clear example can be seen in the banking industry where now everything has change to the E- banking system. This means it can be done with the presence of internet connection even from any location. This advancement doesn't stop just at the E-banking but it has the influence on the human resource management where E-HRM has been introduced. Basically, the need of HRM helps the organization in the way of meeting the wants and needs of the administration and the employee of the network organization. Considering this, the requirements for such a form of HRM that become apparent are: on- line applications for HR information, and the tools that are available at any time in any place, and that enable continuous interaction between the employees and the organization. The software industry has developed for the HR personal to make it able to store, sort and retrieve information placed on huge databases. E-HR is the actually a strategic initiative to make the organization propel itself in the information age; by freeing itself from daily operational, monotonous requirements and making it more in tune with the decision making and better understanding of the employees.

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Declaration

I hereby would like to tell this thesis is solely done on my own effort excluding outline and data of which the causes are evidently exactly

Vinod Venkatesan

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CHAPTER ONE

1.0 Introduction:

Human resource information system (HRIS) is much more than a computerized record of employee information. It is an integral loom to obtaining, hoarding, analyzing and controlling the stream of human resources information for the entire organization. The major intention of human resource information coordination is to assist both human resource executive and line managers in decisions making using computers to analytically generated accurate, timely and related information to achieve organizational tactical dealing objectives and aims. If Human Resource information system is related to the organizational planned business and human resource objectives, it provides additionally deliberate reward (Stone, 2002).

E-HRM discuss about the groundwork, process and functions of IT for both networking and supporting minimum two individual or combined actors in their joint performing of HR activities (Strohmeier, 2007).

Lepak and Snell (1998) create separation of e-HRM as followings;

> Operational e-HRM: - The initial part, operational e-HRM, alarms the fundamental HR task on the management part.

> Relational e-HRM: - Secondly, relational e-HRM, concerns more complex HRM deeds. The stress here is not on managing, but on HR tools that bear basic business processes such as employment and the selection of new personnel, training, performance management and rewards.

> Transformational e-HRM: - Then its about the transformational E-HRM, concerns HRM activities with a strategic character. Here we are talking about activities regarding organizational change processes, strategic re-orientation, planned capability management, and tactical management facts.

The rapid expansion of the internet during the previous decade has also entailed the advance of electronic human resource management (e-HRM). Customarily, it is agreed that e-HRM leads to considerable changes and therefore should be taken as an important development in the HR field (Lepak and Snell, 1998; Lengnick-Hall and Moritz, 2003; Gueutal and Stone, 2005).

Beyond the mere state of adoption, a special question relates to relevant aspect of acceptance, i.e. is e-HRM a widespread activity that will be adopted by (virtually) the entire organizations or there are factors that systematically split adopting and non-adopting groups? E.g. CIMB Bank in Malaysia.

Until now, empirically-founded framework for e-HRM are inadequate, as is study on e-HR in general. The framework and approach available are mostly practical e-HR mould and focus on the execution of the technical system that is supposed to support e- HR. In short, they are very much technology driven. We think this is a limited view and believe that the phenomenon of e-HRM deserves a closer and more fundamental examination and thus we start from the roots.

This research report aims at demystifying the phenomenon e-HRM by raising the following questions:

- Why are HR professionals adopting e-HR practices?
- What outcomes CIMB experiment off using E-HRM system?
- What extend E-HRM is contributing to CIMB performances?

We will look for answers to these questions by reviewing the literature and by presenting a case study of CIMB.

Based upon the literature, an e-HRM research model is developed and, guided by this model, CIMB have been studied that have already been on the 'e-HR road' for a number of years.

Given the manifest national differences in the adoption of various other HR activities (Brewster et al., 2004) a special aspect of this question refers to cross-national differences in e-HRM adoption due to nationally differing influence factors. In the interim, there is a certain body of empirical research that addresses organizational adoption (Ball, 2001; Beamish et al., 2002; Martin and Jennings, 2002; Comacchio and Scapolan, 2004; Hausdorf and Duncan, 2004; Hoi, 2006; Florkowski and Olivas-Luja´n, 2006; Parry and Wilson, 2006; Olivas-Luja´n et al., 2007; Panayotopoulou et al., 2007; Teo et al., 2007; Galanaki and Panayotopoulou, 2008; Keim and Weitzel, 2008; Lau and Hooper, 2008).

Basically, these studies can be categorized by their regional and functional focus. Concerning the regional focus, most studies relate to a single country (Panayotopoulou et al., 2007), while cross-national studies (Florkowski and Olivas-Luja´n, 2006) are rare and restricted to a few countries. Concerning the functional focus, one can distinguish studies that address the adoption of general e-HRM (Lau and Hooper, 2008) from studies that focus the adoption of specific functional subset of e-HRM, such as e-recruiting (Keim and Weitzel, 2008) or e-learning (Martin and Jennings, 2002). Customarily, most studies address the current state of adoption thereby accordingly yielding the result of a mean while wide-spread adoption. Quite contrary, factors of adoption are rather seldom tackled (Teo et al., 2007) and the few findings are rather scattered and inconsistent. So far, the only consistent result exposes organizational size as a determinant of adoption (Ball, 2001; Hausdorf and Duncan, 2004; Florkowski and Olivas-Luja´n, 2006; Teo et al., 2007). Hence, at present there is only little knowledge concerning the factors of adoption, especially in a cross-national setting.

The purpose of research is on E-HRM: An explorative study on the implementation of E-HRM in CIMB Bank .Firstly, provide definitions to some key words and develop a general foundation and identify factors responsible for e-HRM in Malaysia. Consequently, we utilize large-scale assessment to test our hypotheses on a sample collected by the employees in CIMB Bank. Towards the last effort discussion was on outcome, we also challenge to obtain some conclusions for future work.

1.1 Conceptual Definition of e-HRM:

Even though the e-HRM concept is widely used today, there are hardly any explicit definitions. The few detectable definitions (Lengnick-Hall & Moritz, 2003; Ruël, Bondarouk, & Looise, 2004) are rather general and emphasize the Internet-supported way of performing HR procedure and/or action. Leaning on these intensions, the following definition of e-HRM can be specificied:

E-HRM is the (planning, implementation and) application of information technology for both networking and supporting at least two character or combined players in their joint performing of HR activities.

This concept highlights several crucial aspects of e-HRM. At the outset, e-HRM utilizes information technology in a dual way: First, technology is compulsory to bond usually spatially isolated players and allow communications linking them irrespective of their working in the same scope or on dissimilar continents, i.e. technology serves as a intermediate among the aim of connection and combination. Next, technology supports player's by partially – and on occasion even totally – substituting for them in executing HR activities. Therefore, information technology serves on top seeing that as tool for task fulfillment. The preparation feature highlights the organized and predictable mode of applying information technology.

The shared performing of tasks through minimum 2 players' points out that the sharing of HR activities are an supplementary element and underlines the aspect of interaction and networking. The consideration of individual and collective actors takes into account that e-HRM is a multilevel phenomenon; besides individual players, there are collective actors like groups, organizational units and even whole organizations that interact in order to perform HR activities.

Beside e-HR (M), there are some further concepts which obviously refer to the same phenomenon. Widely accepted are such terms as virtual HR (M) (e.g., Lepak & Snell, 1998), web-based HR(M) (e.g., Ruël et al., 2004), or business-to employee ("B2E") (e.g., Huang, Jin, & Yang, 2004). "Virtual HRM" refers to technological mediated networks of different internal and external players providing the firm with the HR services needed without the further existence of a conventional HR depatment which therefore becomes "virtual". E-HRM is additionally open to less developed varieties of technology application, e.g. the shared performing of an application process by a conventional HR department and an applicant via the Internet. "Web-based HRM" couples the concept to Internet technologies. e-HRM, as well, is particularly web-orientated, but also comprises additional technologies like networked ERP-Systems.

Finally, "business-to-employee" reduces the concept to the internal player categories of "business" (presumably line managers and HR professionals) and "employees". In contrast, e-HRM is open to further relevant actor categories like applicants or consultants. To sum up, these further terms undoubtedly direct attention to main characteristics of the same phenomenon but are of somewhat narrower intensions. As a result, in order to comprehensively embrace relevant aspects, the e-HRM term is used.

1.2 CIMB Bank, Malaysia

CIMB Group is the prestigious financial institution in Malaysia's overall banking industry. Following, the bank has obtained recognition for being offering variety of financial product to their customer. The bank was start up as Bumiputra-Commerce Holding Berhad yet being listed in the Malaysian stock exchange during 1987. The bank has the opportunity to grow and then being ranked as third biggest bank in the stock exchange. This happens through merging activities with CIMB Niaga (Indonesia) and CIMB Thai (Thailand). These groups have categorized their business differently which would be CIMB Islamic Bank CIMB Investment Bank and CIMB Bank by providing various type of financial product to the client according to their individual needs in conventional and Islamic. All these groups offer product range from consumer banking, treasury, asset management, insurance, investment and corporate banking.

These various products that are available in CIMB group are specifically developed based on consumer's preferences with some consideration in certain aspects such as their background as well as the demographic factors. This entire product is attainable by the consumer from different places at their more than 1,100 branches and with 36,000 employees around Malaysia. The potential and skills gives the opportunity for CIMB group to have full global banking skills in other ASEAN countries even though the main office is Kuala Lumpur.

Besides that, CIMB Group helps their consumers who are running business outside Malaysia by providing their services. This approach has succeeded through partnership with Principal Financial Group, Aviva Private Limited Corporation, AIA Berhad, Allianz Malaysia Berhad, Mapletree Capital Management, Malaysian Airlines International currency exchange, EDS and many others. This good relationship with those companies gives a better way of working in accomplishing the purpose as well as the mission of CIMB.

The most crucial aspect that banks must be aware of how the role of information technology will help the bank to grow and have wider opportunity in promoting their new services that would be to stay competitive among rivalry. Based on the research banks put much effort in coping up with the latest technology through heavy investment made on particular aspect as they predict there will be a bright future in the industry for long term. During the year 1995 the overall sector spends around $18.7 up to $ 22.31 billion on these technology aspects. The modernization of the banking system has helped the organization to have a lower operating cost (Zhu *et al.*, 2004).

The rapid development in technology encouraged CIMB Bank Berhad to adapt this latest technology for them to operate business more efficiently and strive for success in this competitive environment. As of a good accomplishment in technology aspect gives the opportunity for the bank to won "The Asian Bankers Technology Implementation Awards in 2007". Furthermore, this reward is an acknowledgement as of CIMB's initiatives on achievement of the reserves method project with its IT partner, Murex. By introducing this method it has enhanced the overall banking system where the work will be done effective and efficiently. These features will upgrade the overall performance (theasianbanker, 2009).

1.3 Introducing e-HRM:

The HR function of an organization is liable for complying with the HR needs of the organisation. As with other business functions, strategies, policies and practices have to be implemented to ensure smooth operation of the organisation and prepare the organisation in such a way that smooth operation can be guaranteed in the (nearby) future. Using e-HRM technology is a way of implementing these HR strategies, policies and practices.

The e-HRM technology supports the HR function to comply with the HR needs of the organisation through web-technology-based channels (Ruël et al.; 2004). The e-HRM technology provides a portal which enables managers, employees and HR professionals to view, extract, or alter information which is necessary for managing the HR of the organisation.

Lawler III (2005) suggests that e-HRM and it self-service characteristics can be the cheapest and fasted way to provide specific HR activities. "With e-HRM, managers can access relevant information and data, conduct analyses, make decisions, and communicate with others – and they can do this without consulting an HR professional unless they choose to do so. For example, a manager who wants to make a merit pay decision may access files containing text, audio, and video describing how best to make the decision.

Then, the manager can access the data file containing information on his/her employees. With a click of the mouse, the decision is recorded and other departments (such as finance) are notified. Hours of processing are reduced to minutes, and much paperwork is avoided by the use of this technology (Lengnick-Hall & Moritz; 2003, p. 366)."

"With e-HRM employees control their own personal information. They can update records when their situations change and make many decisions on their own, consulting HR professionals only when they deem it necessary. For example, an employee who wishes to increase investments in a retirement plan can do so from work or home using the Internet.