e-HRM-user Perceptions of e-HRM Tools in Kuwaiti SME's

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Abstract. This research aims to explore and analyze e-HRM users' perceptions about e-HRM in SME's in Kuwait. The research type will be explorative. The researcher believes that the research will help to acquire more information and knowledge about e-HRM in SMEs. Major researches of e-HRM have been conducted in large enterprises only. Information about e-HRM practices in SMEs is still scarce. Users' perceptions of using e-HRM in Kuwait have not been explored yet. This research will focus on e-HRM tools which are employed in SME's in Kuwait in order to acquire more information about user perceptions of e-HRM tools in SMEs.

1 Introduction

Studies of e-HRM implementation have mainly been conducted at large enterprises, whereas little research has been carried out on e-HRM in small and medium-sized enterprises and to what extent it improves HRM processes.

This research aims to explore and analyze e-HRM users' perceptions about e-HRM in SME's in Kuwait. The research type will be explorative. The researcher believes that the research will help to acquire more information and knowledge about e-HRM in SMEs.

Major researches of e-HRM have been conducted in large enterprises only. Information about e-HRM practices in SMEs is still scarce. Users' perceptions of using e-HRM in Kuwait have not been explored yet. This research will focus on e-HRM tools which are employed in SME's in Kuwait in order to acquire more information about user perceptions of e-HRM tools in SMEs.

The major research question is "What are e-HRM user perceptions in SME's in Kuwait of e-HRM tools?

2 Literature Review

2.1 What is e-HRM?

Based on the definitions in the literature (from e.g. [1]; [2]; [3]; [4]), it seems that the definitions of e-HRM all agree on the following points: e-HRM is a web based technology; e-HRM supports and automates HRM processes; e-HRM empowers employees and managers; e-HRM aims at improving HRM effectiveness; e-HRM helps organizations to take strategic decision. Given the above, the researcher defines e-HRM as a system or software that saves employees' records and information and automates HRM processes. It is a combination between Human Resource Management (HRM) and IT that merges HRM as a discipline and in particular its basic human resource activities and processes with the information technology field. In other words, e-HRM supports and automates HRM processes through the use of IT.

2.2 Objectives of e-HRM Implementation

[5] argued that with e-HRM, users gain easier and faster access to information, taking decisions, and communicating better and faster with other resources. There is no need to consult HR professionals by doing so unless they choose to. With one button click, managers can generate reports, access to information and notify the stakeholders. Hours of processing are reduced to minutes, and minutes to seconds [5]. [1] looked at the emergence of e-HRM as a result of the often increasing demands placed on the HRM department as organizations continue to find a competitive edge. [6] list several administrative and strategic advantages for implementing e-HRM. Similarly, [7] point out at least five reasons why organizations should implement e-HRM. They are: Increasing competitiveness by improving HR operations; Generating a wider variety of HR reports; Shifting the focus of HR from the processing of transactions to strategic HRM; Encouraging employees to be a part of HRM; Reengineering the entire HR functions of organizations.

Based on the literature review (e.g., [8]; [9]; [10]; [11]; [3]; [12] the researcher concludes that SMEs' objectives for using e-HRM is mainly to reduce the time and the cost spent on HRM activities.

2.3 Types of e-HRM

According to the literature, there are three types of e-HRM. [1] and [3] distinguish operational e-HRM which could also described in other words as administrative e-HRM, relational e-HRM which is about e-HRM activities and practices, and finally the transformational e-HRM which is another definition of strategic HRM.

2.4 People Involved in e-HRM

By using web technology, employees outside the HRM department became more involved in HRM activities, [12] conducted a research about people involved in the e-HRM; 74.5% of the organizations targeted e-HRM to their employees, 60.7% to middle managers, and 44.2% to HRM specialists. Based on the above, it is possible to divide users of e-HRM into three groups: Employees; Line management; HRM specialists. [13] stated that firm size is closely related to HRM specialization, employees in large sized enterprises perform more specialized tasks while employees in small and medium sized enterprises perform a greater variety of tasks. Therefore, specialists are less likely to be found in SMEs.

2.5 Barriers to Implementing e-HRM

[7] stated that the major obstacle in the implementation of e-HRM is the high cost of implementation and support. [14] concluded that a lack of money and support from top management were major barriers to implementing e-HRM. Also, they stated that other barriers were a lack of HR knowledge by the software consultants and lack of knowledge of users. A survey conducted by the US Small Business Administration in 2002 indicated that the biggest barriers to managing e-HRM are: Lack of trained staff; lack of budget; time related problems; the need to work with other departments; and lack of IT support.

[15] conducted a survey in 147 enterprises in Hong Kong, they found that the greatest barrier to implementing e-HRM is the lack of financial support. The second barrier they identified was the difficulty of digitalizing or computerizing the huge amount of paper work.

The researcher concludes the high cost of implementation to be most frequent barrier found in the literature review.

2.6 What is HRM Effectiveness?

HRM effectiveness is the relation between HRM and firm performance [16]. [17] consider HRM to be effective if it meets the basic criteria of both the strategic and the developmental perspectives. HRM policies and practices must be long term, in focus, integrated with one another along with the organization's strategy and objectives. Furthermore, they should treat all employees fairly, increase employee motivation, satisfaction and commitment, and help all employees develop to their maximum potential'. [18] study showed that effective and high performance HRM practices were tightly related to the organization's revenue, profits and market value.

There is currently no defined approach to measuring HRM effectiveness. However, [19] looked at how to measure HRM effectiveness.

They conclude that measuring HRM effectiveness is very complex. However, they state that the most effective indicator of HRM effectiveness will be the judgment of key stakeholders. There are many different stakeholders, for instance the employees, the community, and customers [19].

Measuring HRM effectiveness also depends on the way HRM itself is defined. For example, two approaches are distinguished by [17]: 'soft' HRM approach and 'hard' HRM approach. [20] distinguished between technical and strategic HRM effectiveness. They define strategic HRM effectiveness as follows: "Strategic HRM effectiveness describes perceptions of how well the HRM function developed a firm's employees to support its business needs, including facilitating teamwork, communications, and involvement, enhancing quality, and developing talent to serve the business in the future." and technical HRM effectiveness thus: "Technical HRM effectiveness describes perceptions of how well the HRM function performs activities traditionally associated with personnel management, including recruitment, selection, training, performance appraisal, and compensation administration" [20].

In the context of SMEs, the researcher believes that HRM effectiveness will mainly be perceived as effective at the technical level of effectiveness. The reason for this is that; HRM practices and e-HRM tools in SMEs will mostly be of the operational type and not of the transformational type.

[21] define perceived HRM effectiveness: "The extent to which key stakeholders (top management, line-managers, HRM specialists and other employees) perceive goal attainment and helpfulness & performance of HRM"

Finally, the researcher will use Engbers & Ter Horst definition to measure the perceived e-HRM effectiveness in his study. He also believes that the perceived HRM effectiveness is most useful indicator of HRM effectiveness.

2.7 SME Characteristics in Kuwait

The abbreviation SME is common in the European Union. However, the term SME which stands for small and medium-sized enterprise has become common in other parts of the world including the Middle East region [22].

European Union member states traditionally had their own definition of what constitutes an SME. For example, the traditional definition in Germany had a limit of 500 employees, while in Belgium, it was only less than 100 employees (European Commission, 2003). Now the EU has standardized the concept, so that organizations with less than 50 employees are considered to be "small, and those with less than 250 employees to be categorized as "medium sized organizations" [23]. In the United States, when small business is defined by the number of employees, small business often refers to those with less than 100 employees, while medium-sized business often refers to those with less than 500 employees. However, the most widely used American definition of micro-business by the number of employees is the same as that of European Union: less than 10 employees [23]. In Kuwait, the key definition of SMEs is the number of employees and revenues. A small business is defined as a business with less than 50 employees with an annual revenue from \$1 million to \$3 million, while a medium-sized business might have 50 to 200 employees and annual revenue of \$5 million to \$10 million. Therefore, the SMEs in Kuwait are the organization with fewer than 200 employees [24].

In Kuwait, there are 33,000 established SMEs, that make up about 88.6 percent of the total number of registered companies in Kuwait [24].

2.8 Factors Affecting HRM Practices in SME's

Based on the literature review, the researcher assumes that mainly two internal factors affects HRM practices in SMEs; the size of the organization and the organization strategy.

Size of the Organization. [13] examined determinants of the formalization process of HRM practices within small organizations. These determinants are: family business, the existence of a formal business plan, firm size, and the availability of an HR department or HR manager. Their study of more than 700 Dutch SMEs found that larger organizations apply more formalized HRM practices than smaller sized organizations. In their sample of SMEs, large organizations have a high demand for human resources. Therefore, a high demand for specific HRM practices such as recruitment, selection and performance appraisal [13].

[13] concluded that larger organizations apply more formal HRM practices than smaller organizations do. Also, Kotey and Slade (2005) researched 1330 micro, small and medium organizations in Australia and concluded similar results in their research at Australian SMEs (Australian Bureau of Statistics defines an organization as small if it employs less than 20 workers and medium if it has up to 199 employees). In short, SMEs often apply less formal HRM practices than large organizations.

2.9 HRM Practices in SME's

[25] discovered that the HRM practices in SMEs depend on staffing, compensation, training, performance management, organizational change, and labor relations. [13] findings about HRM in SMEs mention six practices; recruitment, selection, compensation, training, development, and appraisal, while [26] mentioned eight HRM practices in SMEs; HRM planning, recruitment & selection, training & development, performance evaluation, rewarding & remuneration, career development, employer-employee relations, and sickness policies.

When comparing De Kok's findings with Cardon & Stevens, the researcher noticed that Cardon & Stevens exclude HRM planning, career development, employer-employee relations and sickness policies. They did not find these HRM practices in their literature search about HRM practices within SMEs. The categorization of [25] is more specific and will be used as basis for the categorization of e-HRM practices in SMEs in this research. However, the researcher will exclude organizational change and labor relations due to their irrelevance to e-HRM applications.

2.10 e-HRM Tools for HRM Practices

e-Recruitment & e-Selection. Web technology has become a major tool for recruiting and selecting employees [27]. Recruiting became one of the most successful applications of the internet due to web technology emergence [28]. Due to the importance of direct contact, e-selection tools are still not used to select candidates to a

greater extent. Some tools can support pre-selection (or pre-screening). For example, Cisco Systems uses a pre-screening tool to scan applicant CV's of applicants. So eselection is especially about using the internet for the first selecting process which was in the past done on papers.

e-Compensation. E-compensation could be described as a web-based software tool that enable managers to design, administer, and communicate compensation practices more effectively [29]. E-compensation tools are very helpful for designing and administering compensation programs in a competitive and dynamic environment [29]. They can be found in three areas: Streamlining bureaucratic tasks; increasing access to critical compensation information, and enabling continuously available relevant compensation information.

e-Learning (e-training and e-Development). [30] describe e-learning as the forms of electronically supported learning and teaching. It aims to increase knowledge of users (managers and employees). e-Learning use IT to deliver contents like learning, knowledge, and skills. Yet current research on e-learning in SMEs is limited [31].

e-Performance Management. E-performance is defined as "improving individual performance by leveraging technology" [32].

e-HRM tools supported with e-HRM tools by computer monitoring activities. Jobs which can be supported with this type of e-performance are mainly repetitious or scripted and involve little personal judgment or description (e.g. call centre work, data input). Figures and statistics of the performance of the job (e.g. numbers of calls, time on task) become both the job content and appraisal content. An advantage of this type of e-performance from a managerial point of view is that managers can permit a greater span of control. Managers do not have to observe all employees, computers can monitor this process [33].

2.11 Users' Perceptions

The Technology Acceptance Model (TAM) is an information systems theory that models how users come to accept and use a technology. The model assumes that when users are using new software, a number of factors influence their decision about how and when they will use it [34].

[34] conducted a research to develop new measurement scales for predicting users' perceptions of IT. The reason for this research was a short supply of valid measurement scales for the user acceptance of computers and the aim was to pursue better measures for predicting and explaining users' acceptance of IT.

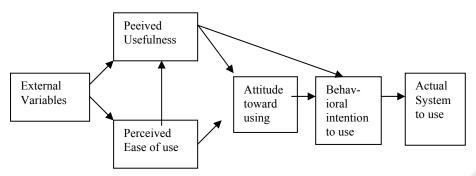


Fig. 1. Technology Acceptance Model [34].

Davis hypothesized (based on several earlier conducted researches) that the following two determinants would be fundamental of user acceptance; perceived usefulness and perceived ease of use. Perceived usefulness is defined as "the degree to which a person believes that using a particular system would enhance his or her job performance". Perceived ease of use is defined as "the degree to which a person believes that using a particular system would be free of effort" [34].

3 Research Methodology

An explorative approach will be used in this study. Multiple case studies are going to be conducted, which will give the researcher an opportunity to compare the results from different cases. We included three case studies in Kuwait in our research. The researcher has conducted qualitative case studies. A case study is defined by [35] as: "an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident". Data have been collected using personal in-depth interviews with the selected e-HRM users in SMEs which are using e-HRM applications in Kuwait.

[36] identify several instruments (documents, archival records, interviews, direct observations and physical artifacts) when conducting case studies. In this research, the researcher will use documents and interviews in addition to the direct observation.

4 Results

4.1 General Results of all Cases

The researcher conducted eight interviews with e-HRM users in Kuwait and the Netherlands, the below. The following tables summarize the cases by number of employees, availability of HRM department, business sector, availability of formal business plan, availability of formal HRM strategy, the level of the communicated strategy and the type of generic strategy.

Organization	No. of Employees	Availability of HRM Depart- ment	Business Sector
Al-Dhow Investment	23	Yes	Investment
Jiblah Holding Co.	26	Yes	Investment
Tawasul Telecom	40	Yes	Telecommunication

Table 1. SMEs listed by No. of employees.

From the above tables, the researcher conducted three cases studies in SMEs operating in different sectors in Kuwait.

Objectives of using e-HRM. The following are the mentioned objectives of using e-HRM mentioned by the interviewees in Kuwait.

- Quick access to information;
- cost reduction:
- sharing of important information;
- streamlining HRM processes;
- documenting HRM processes;
- managing information;
- knowledge sharing.

HRM/e-HRM Practices. As can be seen in the above table, HRM departments exist in all three organizations interviewed by the researcher. Compensation management is practiced in all the organization interviewed by the researcher. Next to that is performance management which is practiced in two out of three organizations. However, recruitment and selection HRM practices are employed in one organization only, the same with training and development. All the organizations practice personnel but as mentioned earlier, personnel is not to be considered as HRM practice.

Considering e-HRM tools which support the HRM practices, all the interviewed organizations practice e-compensation as an e-HRM tool to support compensation HRM practice, then comes e-recruitment and selection in two organizations while e-training and development is being used in one organization only. None of the interviewed organizations use e-performance management to support HRM performance management practices.

Barriers to using e-HRM. Cost and employees' resistance barriers were the most commonly given answers by the interviewees. All the Kuwaiti interviewees have mentioned employees' resistance as the major barrier to using e-HRM. Cost was

mentioned one time. The need to have the software adapted to local rules and regulations was mentioned clearly in one case and partially in another case.

Perceived Usefulness of e-HRM. E-HRM is perceived as clearly useful in two out of three organizations and as partially useful in one organization only.

Perceived Ease-of-use of e-HRM. E-HRM is perceived as easy to use in one organization, as easy to use to a certain extent in two organizations, and as difficult to use in one organization.

Perceived e-HRM Effectiveness. E-HRM is perceived as effective in one organization and as ineffective in another organization. The situation in the last organization is unclear due to the technical problems users are facing in dealing with the software.

5 Conclusions

After comparing the available literature review with the findings of this study, the objectives of using e-HRM applications are similar to the ones mentioned in the literature review; the researcher concludes that SMEs focus on reducing cost and time instead of improving strategic orientation of the organizations. This confirms the results of other studies and surveys – included in the literature review – which state that the objectives of implementing e-HRM differ in SMEs and large organizations; the main focus in SMEs is on operational tasks, while in large organizations the objectives of implementing e-HRM are strategic. In all the case studies conducted in this research, only one type of e-HRM was used in all three organizations, namely operational e-HRM. E-performance management is categorized as relational e-HRM type. The finding confirms that SMEs often use operational e-HRM for their HRM practices.

HRM practices are more often to be found in organizations with a business plan and a clear strategy. In this research, only one organization had an implemented business plan and strategy. Having an implemented business plan and strategy is not enough to increase the number of HRM practices. A logical consequence of a higher number of HRM practices is a greater number of e-HRM tools supporting those practices. Therefore, an implemented business plan and strategy along with an efficient communication of that strategy to the employees might be an indication of high number of formal HRM practices.

Employees' resistance to using the e-HRM applications was the most common barrier to be found in Kuwaiti SMEs. The researcher believes that due to the above average uncertainty avoidance rate in Kuwait (According to Hofstede's cultural dimensions), users are less willing to adapt to the new technologies. In high uncertainty avoidance cultures, people are more anxious, show more resistance to change, and believe that what is different is dangerous. Therefore, their resistance to using the e-

HRM as shown in chapter four was not a surprise to the researcher, who believes that employees' resistance is a logical consequence of the high uncertainty avoidance ranking of Kuwait according to Hofstede's cultural dimensions theory. All the mentioned studies and surveys in the literature were conducted in low uncertainty avoidance cultures such as the Netherlands, United States and Hong Kong. In Kuwait, which is a country with above average uncertainty avoidance, the major barrier to using e-HRM application was the employees' resistance.

The e-HRM application is perceived as useful in two out of three case studies. However, in one of the case studies the level of perceived usefulness of the e-HRM application is not very clear to the researcher. Therefore, e-HRM is perceived as useful in the majority of the case studies in Kuwait. The e-HRM application is definitely perceived as easy to use in one of the cases, while it is perceived as easy to use to a certain extent in another. It is perceived as not easy to use in only one case study.

e-HRM application is perceived as clearly effective in only one case study out of the three case studies conducted by the researcher.

As mentioned, there are several limitations in this research; the number of case studies conducted was relatively small and so was the number of interviewees per case study. All the case studies are of organizations which are using an e-HRM from only one vendor (Exact Software). Due to these limitations, further research should add more depth to this study. Further research could be a descriptive one with structured interviews. More cultural values might be investigated to measure the cultural impact e-HRM usage more effectively.

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