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## Should I stay or should I go? Human Resource Information System Implementation in Indonesian Public Organizations

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M. Ikhwan Maulana Haeruddin<sup>1</sup>

**Abstract:**

*This paper aims to explore the readiness of public sector organization in technological change, particularly in implementing Human Resource Information System (HRIS). The result shows that an organization should not only provide its own HRIS, but also continuously upgrading the system in order to be able to support the organization's goals achievements.*

*In a company's daily operation, HRIS can be employed as a supporting tool in decision making process. Furthermore, this paper's findings suggest that there are several factors contributing to the lack of HRIS adoption and conflicting perspectives among HRIS officers and top management level in the public organizations.*

*These factors are: 1). Budget centralization; 2). Technology; 3). Human Resource readiness; and 4). Success story.*

*Also, in order establishing a HR department as a strategic partner for the organization, it is an advantage to hire personnel with HR and HRIS background in managing this system.*

**Keywords:** Human Resource Information System (HRIS) Implementation, Public Organizations, Indonesia, Qualitative Method

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<sup>1</sup>PhD, Associate Professor, Department of Management, Faculty of Economics, Universitas Negeri Makassar, Indonesia. Email: [ikhwan.maulana@unm.ac.id](mailto:ikhwan.maulana@unm.ac.id)

## **1. Introduction**

In managing human resource functions within the organization, top management should be able to employ available, appropriate, and sufficient resources to plan, to measure, to implement, to evaluate, and to control all of the activities related to the Human Resource functions itself. In this high-speed competition and globalization era, the accessibility of such resources is easy to acquire, to operate, and also to control in order to backing those activities as mentioned earlier. In terms of competition in the globalized era, the continuous improvement is a must, as those who are not able to deal with the rapid changes will be left behind by their competitors (Haeruddin, 2011).

Recently, there has been a major development in the use of Human Resource Information System (HRIS) in organizations (Beadles *et.al*, 2015). This is because HRIS's roles in planning, measuring, implementing, and evaluating and controlling activities are significantly crucial in an organization's daily operation. Nevertheless, it is argued that there is only a few of organizations that aware and able to implement, let alone to develop their performance from the operation of HRIS (Ferdous *et al.*, 2015).

Generally, this is mainly caused by organization's reluctances to constantly updating their HRIS due to the cost efficiency. Moreover, it is worsened by the fact that they are not hiring and using personnel with HR and HRIS qualification to manage the HRIS (Lawler and Mohrman, 2003). Therefore, this paper aims not only to explore the readiness of HRIS implementation in public organizations, but also to convey a stance, to highlight the importance of the HR employee's autonomy in decision making process and the public organization's independency in managing its own budget regarding HRIS implementation. Along similar lines, it needs to be bear in mind the importance of using personnel with HR and HRIS background in managing the HRIS. This paper indeed is a thoughtful reasoning for HR manager and top management level officers in terms of the implementation of HRIS in their organizations.

## **2. Literature Review**

In general, a first time user of an information system tends to use a very basic application. As argued by Haeruddin (2012), that this kind of system mainly includes a regular HR functions (employee benefits, selection, staffing, training & development performance appraisal and job analysis) for decision-making processes. Moreover, in order to controlling performances, organizations are suggested to employ multisource evaluation tool, because it will capture the holistic image of employee performance as "organizations that gain the most benefit from the use of multisource feedback is those who use it as a development tool" (Haeruddin, 2012), or in this case is the HRIS itself.

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As the organization starts to reap the benefit of the HRIS, top management level generally began to feel satisfied and tend to stop in advancing the system to become more complex, which is needed to support the role of HR department to becoming a strategic partner. At the same time, top management tends to claim that an advance in the HRIS means more budgets and cost to be spent (Armstrong and Taylor, 2014). This is worsened by the fact that top management tend to hire and use personnel with non HR and HRIS qualification to manage the system for the cost efficiency reason.

In order to survive and able to compete in this global competition, it is strongly suggested that the organization strongly suggested to avoid the above mentioned conditions. Continuous advancement in HRIS should be one of the main attentions from the top management, especially the HR manager. An article by Kapoor and Sherif (2012) offers a concept that essential to be considered by an organization when it is advancing its HRIS. It recommends a wide-ranging HRIS model that contains seven key elements which are strategic integration, HR analysis, personnel development, communication and integration, records and compliance, knowledge management, and forecasting and planning (Mayfield et.al, 2003; Kapoor and Sherif, 2012).

Strategic HRIS integration would provide high organizational level information and response that vital for top management and HR Department to establish decision making and to synergize strategic HR planning. HR abilities could be observed through HR analysis whether if these align with organizational visions and goals or not. In addition, employee development problem on talent shortages could be managed, either by performing immediate recruitment or by conducting training and development in order to create a pool of eligible talents. According to this, the use of intranet is significant for better communication integration. In addition, from compliance, database, and records, the organization could yield precise information needed on particular problem. Moreover, knowledge management needs to be established as it will function as organizational memory to guarantee the integration of whole knowledge all over the organization. Therefore, based on these, then predicting and future planning can be performed both by the top management and HR Department.

The stance for perceiving that HRIS is not important as the significant part of the strategic partner also has its own weaknesses. It only provides less detailed descriptions in its operation, such as; there are no explanations on how to acquire the accurate information for decision-making process regarding staffs' benefits and as operational expenditure. In addition, the model not quite precisely measuring the return of investment on human capital programs, such as training and development (Kovach *et al.*, 2002; Beulen, 2009). Furthermore, data, compliance and records, the importance of privacy and security are unspecified, as this can be a problematic issue within the organization (Normalini *et al.*, 2012). Also, requirements for successful application of this model are also unidentified (Beadles *et al.*, 2015).

Therefore, these weaknesses could be countered by precisely exploiting HRIS capabilities. The advance of HRIS capabilities can be exposed with the integration of HR professionals, functional managers, and employees (Hendrickson, 2003). By doing this, HR professionals can easily acquire and manage the information on applicant tracking, employee screening, administration claims, compliances, benefit, compensation, and payroll.

Functional managers manage and control the data on employees' presence and rosters, assess the skills tests results, and administer the use of performance assessments. At the same time, employees can use the self-service and user-friendly technologies which let them gain access to the online training courses, managing their benefits, skills inventories, and career development. All of these activities coupled with other organizational functions such as operation and marketing will offer a distinctive capability for the organization to attain and endure its agility and competitive advantages over its rivals in the global competitive marketplace (Hendrickson, 2003).

In terms of the applications itself, Al-Tarawneh and Tarawneh (2012) endorse Oracle HR and PeopleSoft as one of the best HRIS softwares. In particular, Armstrong and Taylor (2014) claim that PeopleSoft commonly used by a big organization since this application offers a comprehensive premium package which significantly develop its HRIS capabilities. However, these softwares can be cost-consuming as the software package would comprise of hardware, software, maintenance and training cost (Armstrong and Taylor, 2014).

Moreover, due to the cost efficiency reason, the implementation of HRIS functions alternatively can be subcontracted, whether some parts or all of those mentioned above. Based on this point of view, Kapoor and Sherif (2012) argue that it would be practical and cost-efficient to subcontract the HRIS if the organization size is small, employees are slightly small in supply, whereas departmental functions within the organization are not centralized. As a result, an organization which is not categorized by these characteristics needs to self-manage its own HRIS functions (in-house). The continuous improvement of HRIS can be performed by the organizations themselves by customizing the package, based on their own needs and resources; or by purchasing specific applications from the competent vendor.

Despite of improvement of HRIS is quite expensive and costly activities, an organization must recognize and value this as a long term investment that will save cost and potentially increase incomes in the future. However, this paper is not in stand of promoting or campaigning particular applications as the final decision is based on organization's needs and resources. Along similar line, recruiting and using the right personnel with HR and HRIS backgrounds are crucial in managing and developing the HRIS. Normalini *et al.*, (2012) argue that this is one of the preconditions for successful existence and development of HRIS. Nevertheless, as the technology on HRIS develops and HRIS processes can be conducted

automatically by someone with any backgrounds, an organization tends to unwilling in recruiting and using personnel with HR and HRIS backgrounds. The most common reason for this hesitancy is that the organization strives for cost efficiency, since more staffing on HRIS means more employees to be managed and another cost to be spent.

As a result of this short term efficiency reason, an organization could not achieve the value added from the implementation of HRIS (Hussain, *et al.*, 2007; Al-Tarawneh and Tarawneh, 2012). Most essentially, there will be few or no available strategic data and information analysis that can be contributed for planning and implementing business strategy since the right employee who really capable to manage and evaluate this data and information are not adequately available (Lawler and Mohrman, 2003). However, the conflicting arguments among HRIS officers and management regarding HRIS implementation are inevitable.

As argued by Troshani, Jerram, and Gerrard (2010), it is found that the implementation of HRIS in the public sector may be unlike with those in different organizations such as the private sector organizations, because “public sector organizations have different underlying goals to those operating in the private sector, in that the former may have multiple, intangible, or even conflicting goals, unlike the latter that are typically guided by market signals, feasibility and economic viability considerations, including profit taking”.

Furthermore, different with organizations in the private sector, which commonly known as innovative, adaptive, and proactive in HRIS adoption; organizations in the public sector usually adopt particular new system reactively because of the administrative and bureaucratic cultures (Haeruddin and Natsir, 2016). Furthermore, as public organizations are best known as non-profit oriented and budget-centralized (Rija and Bronzetti, 2012), then the budget for autonomy planning and execution in HR strategic plans are limited. What is not yet clear is the impact of readiness of public sector organizations on technological changes, particularly in implementing HRIS. Therefore, on the basis of currently available evidence, it seems fair to argue that this research is trying to fill the gaps in the extant literatures.

### **3. Methodology**

This study uses qualitative method and employed a semi-structured interview with 86 research participants from 45 public organizations under the Ministry of Health’s authority, which scattered in Indonesian archipelago. Among all of participants, 29 of them are men who are responsible for the HRIS operation within the organization (the Head of HRIS section). Criteria of inclusion are those who deal with/work as the HRIS officers and currently hold a position in top level management.

A qualitative research design was employed as it was significantly match with the research question and also to comprehend lived experiences and an understanding of

the meanings of HRIS importance in daily operation from the HRIS officers and management' perspective. The interview sessions took 1.5 to 2 hours. They were all recorded by tape recorder and mobile phone as a backup plan. Interviews were also transcribed manually in order to capture the essence of the excerpts.

In each interview, researcher questioned several topics concerning the readiness of HRIS implementation and as the interview goes, it seems that the conflicting perspective between HRIS officer and the management emerged. The collected data are categorized into different conceptual value (themes) and analysed the data. Interview sessions were conducted in English and there was no problem encountered. All data were transcribed, within the three weeks of data collection. In analyzing data, the researcher firstly read and re-read the data as an effort to immerse within the broad data. While reading these various emerged themes, data saturation is reached. The process of data analysis and emergence of themes was iterative. Initially the researcher analysed the data to understand the procedures and policies regarding HRIS in participants' respected organization. The data were coded and thematically analysed using the NVivo computer software.

#### **4. Result and discussion**

Based on the research findings, there are several factors (themes) contributing to the lack of HRIS adoption and conflicting perspectives among HRIS officers and top management level in the public organizations. These factors are: 1) Budget centralization; 2) Technology; 3) Human Resource readiness; 4) Success story. These factors will be elaborated in the following section.

##### ***a. Budget Centralization***

All the participants mentioned that budget centralization is the key factor in the problem of HRIS adoption in public organizations. As most of the public organizations in Indonesia are centralized, especially on its annual budget, the HRIS implementation is not adequately performed. Despite of the different job level, all the participants (HR officers and Top-Level management) expressed their concerns on the budget centralization as depicted by the following experts:

*"You know, it is hard to be creative with your work when our budget is centralized and prescribed by people in the Ministry level. (Participant #18, HR officer, Organization HHH)"*.

*"We know that people down there (in operational level) are struggling to improve our performances, but I really cannot help when it comes to the budget. We all know that Public organizations' budgets are ratified by the House of People's Councils. (Participant #29, Top level management, Organization OOO)"*.

It is also found that HRIS procurement is commonly regarded by the House of Councils in determining the budget as "something unnecessary in Indonesia"

(Participant #33, Top level management, Organization MMM). Participant #33 admitted that he heard this statement directly from a senator, member of house representatives when he asked to improve the budget amount.

**b. Technology**

According to the interview date, participants mentioned about the technology of HRIS software itself. It was found that the characteristics and features of the HRIS were acting as one of the contributing factors in conflicting perspective among HRIS officers and management. According to an officer (Organization BBB):

*“For me, HR needs are the most important thing... because sometimes you only need features in the HRIS software. Even you buy the most expensive software, you will only use at most half of the features offered because your organization’s needs are only limited to that features”.*

On the other hand, a participant (#2) in management level within the same organization countered that:

*“Certainly, I will propose to the Ministry to get the latest HRI system. Because you will never know that the proposal is the only shot we got and you won’t get it again in the future. I know that people in HR Department always complain that the latest HRIS purchase is wasting money, but what I can do is for the sake of the organization”.*

Based on the contradicting excerpts above, it was found that the source of the misunderstanding was the angle of the perspective on both parties. Moreover, it was also found that management tend to purchase particular HRIS based on the direct instruction from the Ministry:

*“I know there are some people in the Ministry dislike me, because I rejected their choice of the HRIS... I know that these people in particular HRIS softwares are making direct approach to the decision maker in the Ministry, so their products will be purchased in national scale (Participants #7, Organization DDD)”.*

Moreover, this fact was confirmed by the Management (Organization AAA):

*“We are helpless in dealing with people from the Ministry... because they press us to include those particular HRIS softwares in our proposal. I know that some of those softwares are bad, as I read the review and refer to HR department’s suggestions. But what can we do here? The decision of purchase is on their [decision maker in the Ministry]’s hand”.*

Above expert strengthens the significance of the autonomy factor in a public organization. This also explains how the decisions for HRIS implementation are

made in organizations. As Indonesian public organization mostly centralized, then the final decision will be made in the Ministry level (national level).

**c. *Human resource' readiness***

According to the majority perception on the Management level, people in HR department are not ready to work with the HRIS software. Participant #16 (Organization GGG) represented the majority by mentioned that:

*“HR department’s people are not able to deal with the HRIS adoption, because even we offered privilege from the technology, people in HR department are always rely on the manual method”.*

However, from the perspective of the HR department, they combine the manual method and the latest technology because most all of the employees, regardless of their department, are not familiar with the HRIS system. Therefore, HR department must do what the HRIS do in a manual way, which added with the socialization and training programs, it is hoped that all of employees eventually will be able to do their HRIS independently.

To tackle this problem, participants from HR department admitted that management should recruit more and more employees with the relevant educational background, whether they are placed in the HR department as the HRIS officer or as the employees in the other departments. It can be seen that there is a gap between what participants from HR department want with the expectations of participants in management level.

It can be seen that there was a low level of trust among employees, particularly to those who are in different level of management. Also, finding from this study confirms and at the same time filling the gap from previous work of Rija and Bronzetti (2012). They argue that the importance of intellectual capital in managing HRIS and collaboration between staffs themselves are crucial in the implementation of HRIS within the non-profit sector. However, their study did not comprehend the factors behind the intellectual capital’ readiness, such as nation and organization culture as this study does.

**d. *The Success stories***

This factor was confirmed by all of participants regardless of their position, whether as a HRIS officer or as an officer in the management. Success story is concerning about how a HRIS product/software is successfully implemented in another public organizations. However, the implementation successfulness in other organizations do not guarantee whether it would generate the same success as it is applied in participants’ organization themselves. As exemplified by a public relation officer in CCC organization:

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*“I would love to copy other organization’s success in implementing their HRIS; I want to apply to the great side to my own organization, because it will create a great image of our organization”.*

However, his perception was countered by a HRIS officer in CCC organization:

*“People just want to get the credit for every success story. They want to get all those things worked in other organizations without considering our own needs”.*

It is apparent that these conflicting perceptions are based on the sense of the greatness and the need based HRIS as perceived by the officer. This proves that management officers tend to not have an adequate knowledge about the product of HRIS itself and his own organization’s real need. This would lead to the cost ineffectiveness. In this research, it was found that Indonesian public organizations are struggling in adopting HRIS in their daily operations due to several factors mentioned above.

A centralized decision making is considered as the key factor in HRIS implementation. This finding is in line with Troshani, Jerram, and Gerrard’s (2010) statement in the previous section. Moreover, this paper answers the need to explain the role of HR officer and Top-level management’s role in HRIS implementation as recommended by Troshani, Jerram, and Gerrard, (2010) and Beadles *et al.* (2015).

## **5. Conclusions and further research**

Continuous development of HRIS should be performed by an organization. Through Kapoor and Sherif (2012) work, they offer a model as guidance in developing the HRIS. Moreover, remarking the weaknesses of their model is worth considering. Therefore, improvement for this model can be achieved through the HRIS capabilities and its applications. In addition, these to some extent address the significance of employee with HR and HRIS backgrounds in managing the information and data, and then examine these so that strategic business planning and its application can deliver substantial result (strategic partner). For that reason, the development of HRIS and approach of hiring personnel with HR and HRIS qualification must not be perceived as a financial burden for the organization. Nonetheless, these should be valued as a long term investment to support organizational survival and competitiveness in marketplace.

In this paper, it was found that due to budget timing restrictions, public sector organizations may be subject to the temporal constraints of public sector budgeting cycles which in turn may be dictated by political influences or periodic changes in program priorities and top-level management. Hence as a policy implication, public organizations need to be empowered by allow them to be independent in daily operations. This can be done by re-regulate the relevant policies and at the same time, by educate employees in highlighting the significance of HRIS in achieving

organizations' objectives. Along similar line, as a managerial/practical implication, the findings from this study confirm that trust among employees on every level is important in managing organizations.

Therefore, it is suggested that in creating a high level of trust among employees, top level management should start to see how the employees are working at the operational level and start to communicate effectively. This would create a high level of trust among employees as argued by Top *et al.* (2015) and Thomas *et al.* (2009).

This paper acknowledges several limitations, as there are limited numbers of participants and organizations; therefore it is difficult to provide an insight for a result generalization and as a representation of the bigger picture. Further research is needed that investigates HRIS adoption from the perspectives of the decision maker of the HRIS purchasing and adoption. A suspicion concerned by participants should be explored in regards to whether there are particular financial rewards or privileges for these decision makers as they adopt the particular HRIS softwares.

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