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Effects of different electronic HRM configurations on organizational consequences: An intra-country analysis

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Abstract: Purpose: This study focuses on the effects of electronic-Human Resource Management (e-HRM) on organizational consequences. In this analysis, the effects of different configurations are assessed within the same socio-economic context. **Design/Methodology:** This study adopts a cross-sectional survey of e-HRM actors, such as human resource managers, IT professionals, and line managers. The data analysis was conducted using linear regression. A sample of 300 respondents was selected based on Gill et al.'s framework for obtaining a representative sample. **Findings:** 'Integrated e-HRM configurations' employed in multinational corporations (MNCs) generate positive and improved operational, relational, and transformational consequences or outcomes. In small-to-medium-sized organizations, the operational-user configuration exhibits positive but lower operational, relational, and transformational consequences. However, the socio-economic variables used to categorize e-HRM configurations do not apply in a developing economy context. **Practical implications:** The application of information technology in HRM is not the sole predictor of organizational consequences. The sophistication of the adopted e-HRM system deserves some consideration too. When managers adopt sophisticated e-HRM systems, they are likely to achieve positive and improved outcomes. More predictor variables need to be uncovered for an elaborate categorization of effective e-HRM configurations. **Originality/value:** The contextual factors that define effective e-HRM configurations are not consistent across different socio-economic contexts. Company-based categorization of effective configurations is advisable. This study establishes the limitations of current categorization variables in explaining effective e-HRM systems.

Keywords: operational user configuration; power user configuration; e-HRM; e-HRM consequences; organizational consequences

1. Introduction

The human resource (HR) function's ability to influence organizational outcomes has been significantly enhanced by advances in information technology. Electronic-Human Resource Management (e-HRM), or the digitization of the human resource function, improves the operational, relational, and transformational outcomes of organizations. e-HRM consists of a "set of configurations of computer hardware, software, and electronic networking resources that enable intended or actual Human Resource Management (HRM) activities (e.g., policies, practices, and services) through coordinating and controlling individual and group-level data capture, information creation, and communication within and across organizational boundaries" (Marler and Parry, 2015, p. 2234). This definition emphasizes the multilevel nature of e-HRM as well as the existence of its multiple dimensions (Martini et al., 2020; Strohmeier, 2007). While there is agreement on the definition of e-HRM, disagreement exists on its consequences.

A number of scholars have questioned the deterministic view of e-HRM that posits technology as the source of organizational consequences (Bondarouk et al., 2009; Orlikowski and Scott, 2008). Instead, some scholars have started looking at both the role of different types of e-HRM systems as well as their contexts in explaining desired organizational outcomes (Galalanaki et al., 2019; Martini et al., 2020; Strohmeier and Kabst, 2014). The acceptance of a universal e-HRM system across organizations and contexts is an oversimplification (Martini et al., 2020).

In developing economies, the predominant e-HRM configurations are clustered as ‘non-user’ and ‘operational-user’ wherein the context is characterized by small to medium-sized organizations, minimal strategic involvement of the HR function, a low proportion of young and educated employees, and low investment in information technology (IT). These typologies have the least favourable organizational consequences. In developed economies, the following contextual factors explain the emergence of the predominant ‘integrated e-HRM’ cluster (Galalanaki et al., 2019; Martini et al., 2020; Njoku, 2016; Strohmeier and Kabst, 2014), large organizations, a strategic involvement of the HR function, a high proportion of young and educated employees, and a high uptake of information technology. This e-HRM configuration leads to favorable outcomes for the organization.

In view of current configuration knowledge, this research seeks to determine if the contextual variables of organizational size, strategic orientation of the HR function, profile of employees, and geographical scope of business operations are universal and key to categorizing e-HRM types. What is the effect of implementing different e-HRM types within the same socio-economic context? Do organizations having different e-HRM types but operating in the same contextual setting deliver different macro-level consequences?

2. Literature review

An understanding of different e-HRM configurations is essential to comprehending the varying organizational consequences. Different digitized HRM systems yield varying organizational consequences (Galanaki et al., 2019; L’Ecuyer and Raymond, 2023; Martini et al., 2020; Strohmeier and Kabst, 2014). The contextual variables unique to each e-HRM configuration determine the organizational consequences it achieves. A fully integrated e-HRM configuration leads to more significant organizational consequences than a configuration with minimal IT use.

2.1. e-HRM consequences

The rationale for adopting e-HRM is to attain desired organizational consequences at three levels: operational, relational, and transformational. Operational consequences make up the first level of e-HRM consequences. These consequences result from the automation of administrative tasks and processes. e-HRM implementation brings about efficiency gains, such as a reduction in the number of employees, a reduction in indirect and direct costs, as well as faster execution of HR processes such as recruitment and selection (Bondarouk et al., 2017; Martini et al., 2021; Njoku, 2016; Zhou et al., 2022). e-HRM is also implemented to achieve relational consequences. This is the second level of consequences. This phenomenon

allows the HR function to connect faster and better with other parts of a company and outside organisations (Parry and Tyson, 2011). This connection relates to “new and extended possibilities of interactions between actors, leading to heterogeneous networks” (Strohmeier, 2007, p. 28). These networks enhance HR services for both internal and external stakeholders, thereby empowering employees (Bissola and Imperatori, 2014). The HR department can also achieve a range of outcomes, including centralized decision support, responsiveness to employee needs, an enhanced relationship with senior management, and greater access to training and development for staff.

The third level of e-HRM consequences is transformational. They concern the overall changes in the HRM function that centrally aim at the role HRM plays in company performance and strategy support (Strohmeier, 2007). The HR function’s digitization enables HR practitioners to take on business partner roles (Ruel et al., 2006). HR practitioners are involved in both strategy formulation and implementation. HR managers now primarily focus on environmental scanning and business strategy generation as change agents. The emergence of a knowledge-sharing culture results in higher levels of employee competence. Other consequences include the alignment of business and HR objectives to enhance overall corporate strategy implementation.

2.2. e-HRM configurations

No single e-HRM configuration guarantees the desired consequences. Different configurations yield distinct results. While multiple e-HRM typologies have been suggested for effectiveness in varying contexts, the literature on this topic remains limited. Literature posits types of e-HRM configurations deployed by organizations to achieve desired operational, relational, and/or transformational consequences (Galanaki et al., 2019; Martini et al., 2020; Strohmeier and Kabst, 2014).

Strohmeier and Kabst (2014) distinguished the non-user, operational user, and power user e-HRM configurations. Small organizations, employing a maximum of 67 employees, are yet to adopt e-HRM for achieving meaningful organizational success. Medium-sized organizations, employing up to 840 staff, utilize e-Payroll, e-Time and Attendance, e-Access Control, and e-Records and Administration applications for their operational user configuration. Organisational success is mainly limited to operational consequences. The third configuration, the power-user, utilizes operational, relational, and transformational e-HRM applications to offer a comprehensive package. It is domiciled in large-scale organizations with a minimum of 841 employees, a strategic orientation of the HR function, a bigger geographical market, and a large ratio of young and educated employees. This configuration has greater organizational consequences than any other type. However, it comes with a budgetary constraint, as it is expensive to adopt and implement.

Galanaki et al. (2019) outlined four configurations: non-usage, HR primacy, integrated e-HRM, and IT primacy. The non-usage configuration is operational in small-sized organizations with minimal strategic orientation of the HR function. Organizations in this category report low levels of young and highly educated employees (Galanaki et al., 2019). This explains the low adoption of IT for HRM as well as low e-HRM use. The HR primacy configuration finds its presence in medium-

sized organizations, with high e-HRM usage but low levels of IT for HRM. This setup yields better organizational consequences compared with the non-usage configuration. There is a high proportion of young employees, although with low education levels, making up a significant portion of the workforce. This configuration represents a higher level of efficiency than the non-user one. Consequently, it generates more revenue than the non-use and IT primacy types.

The integrated e-HRM configuration (the third configuration) is characterized by high e-HRM usage and high IT for HRM. The organization makes extensive use of e-HRM. The strategic orientation of the HR function is high. In multinational corporations (MNCs), this configuration leads to increased revenue and profitability (Galanaki et al., 2019, p. 11). Organizations employ young and highly educated employees. The majority of HR activities are digitized. The configuration showcases e-HRM's electronization in its entirety, complete with an array of e-HRM macro-level consequences. The fourth configuration, IT primacy, is normally domiciled in medium-sized organisations, with a strategic HR function. The use of e-HRM is low, while IT investment in HRM is high. Its contribution to organizational outcomes is less than that of integrated e-HRM but superior to non-usage.

Martini et al. (2020) distinguished three types of e-HRM configurations: non-user, relational user, and extended relational user. In a non-user configuration, the use of e-HRM yields minimal to no desired consequences. This type dominates in small organizations without a strategic orientation of the HR function. The organisations dominate the construction and commerce sectors. The relational user configuration uses e-HRM to “transfer knowledge and improve organizational collaboration” (Martini et al., 2020, p. 797). Enhancing internal communications within medium-to-large organizations is the desired relational consequence. The extended relational user configuration helps organizations achieve both relational and transformational consequences. It is used in large organizations with a strategic orientation toward innovation. It has a dominant position in the services sector. This configuration represents the full adoption and implementation of e-HRM. While the non-user and relational user configurations allow organizations to progress towards full digitalization of the HRM function, the extended relational configuration delivers the full potential of the system.

2.3. Hypotheses development

For the purposes of this analysis, it became imperative and convenient to equate the different types of e-HRM configurations. The e-HRM macro-level consequences of each type of configuration have been used to equate the different types. In all three major studies, the non-user configuration is consistent. This type of e-HRM has a low investment in IT for HRM and minimal e-HRM usage. Low e-HRM usage is a result of a low digital literacy rate, as companies have a low proportion of educated young employees. The low investment in IT is explained by the inability of small companies to invest in e-HRM technologies. Multinational companies with high resource capabilities to invest in IT for HRM and a high proportion of educated young employees are likely to operate sophisticated e-HRM systems to achieve superior e-HRM macro-level consequences. Consequently, the first hypothesis is:

H₁: The effect of e-HRM on operational consequences is positive and higher in MNCs than in 'local companies with no international presence'

Strohmeier and Kabst's (2014) operational user configuration aligns with Galanaki et al.'s (2019) HR primacy and Martini et al.'s (2020) relational user configuration. e-HRM is used to automate fundamental HR functions and foster relationships among its users. This entails improving the efficiency of performing routine HR tasks, enhancing the quality of communications within an organisation and improving the quality of HR service provided to internal stakeholders. In the case of MNCs, the need for virtual team support across geographical borders becomes even more crucial. The physical distance between MNC subsidiaries is also an important factor in the adoption and implementation of e-HRM. Investing in higher e-HRM sophistication requires a substantial company size. One would therefore expect higher operational and relational consequences among configurations run by MNCs than in smaller organizations. The second hypothesis is therefore:

H₂: The effect of e-HRM on relational consequences is positive and higher in MNCs than in 'local companies with no international presence'

Strohmeier and Kabst's (2014) power user configuration aligns with Galanaki et al.'s (2019) integrated e-HRM and Martini et al.'s (2020) extended relational user configuration. These configuration types represent high IT for HRM and high e-HRM usage. All e-HRM macro-level consequences have been achieved under these configurations. Organizations fully harness the capabilities of e-HRM. This study uses Strohmeier and Kabst's (2014) categorization. A positive relationship exists between the size threshold and distinctive capabilities, on the one hand, and the feasibility of implementing e-HRM, on the other (Hooi, 2006). Due to their financial capabilities, large organizations can adopt extensive e-HRM systems. A larger organization's ability to institutionalize the HR function is greater than that of a smaller one, which makes MNCs have a more strategic HR function than 'local companies serving the domestic market only' (Galanaki et al., 2019; Martini et al., 2020; Strohmeier and Kabst, 2014). Therefore, the subsequent hypothesis is:

H₃: The effect of e-HRM on transformational consequences is positive and higher in MNCs than in 'local companies with no international presence'.

3. Research methodology

3.1. Sampling procedures

The study followed a positivist philosophy and used a deductive approach. A quantitative survey strategy was employed for this study. A cross-sectional time horizon was used. This study focused on organizations in Zimbabwe that had at least 60 employees and had been using e-HRM systems for at least three years. The e-HRM resource demands informed the inclusion criteria (Galanaki et al., 2019; Strohmeier and Kabst, 2014). A minimum of three years has been deemed adequate to embed systems within organizations (Bondarouk and Ruel, 2013; Bondarouk et al., 2017). Twelve (12) economic sectors were represented by 112 organizations in the study population.

Stratified sampling was used to select 35 organizations ($n = 35$) from a population of 112 organizations ($n = 112$), representing the following 12 economic sectors:

technology, tertiary education, beverages, mining, banking, insurance, agriculture, retail, agro-industrial, food, building, and industrial. These economic sectors formed strata for sampling purposes. Human resource managers, information technology practitioners, and line managers utilizing e-HRM systems are the key players in e-HRM. They employ e-HRM applications to attain positive e-HRM macro-level consequences. Thirty-five (35) organizations were purposefully categorized into two groups: multinational companies (MNCs) and 'local companies with no international presence'.

Ten (10) MNCs were sampled from the beverage and mining sectors. Three MNCs were drawn from the beverage sector and seven MNCs from the mining sector. Zimbabwe's mining and beverage industries host the greatest number of MNCs. Using Gill et al.'s (2010) framework of a 'sample size based on desired accuracy with a confidence level of 95%' and variability of 50%' a sample of 100 respondents within MNCs ($n = 100$) was drawn (see **Table 1**) using a convenience sampling technique. A sample of 200 respondents ($n = 200$) was drawn from 'local companies with no international presence'. They came from the following economic sectors: technology, tertiary education, banking, insurance, agriculture, retail, agro-industrial, food, building, and industrial. The sampling technique used was stratified purposive, as indicated in **Table 1**. Three hundred respondents (300) made up the combined sample size. The sample size is sufficient for findings to be applied to a larger, external population. With a sufficiently large sample size, external validity is achieved. The results can be generalized to similar contexts in developing economies. This type of validity "refers to the extent to which results from a study can be generalised beyond the particular study" (de Vaus, 2001).

Data were collected using a structured questionnaire with scales anchored at strongly agree and strongly disagree. Two strategies were utilized to lessen the impact of nonresponse bias and improve the representativeness of survey data. First, the questionnaire was pilot-tested on a sample of 10 respondents. During the pilot test, issues with nonresponse bias, including question order, response options, and wording, were identified. Certain questions have been reworded, and others have been eliminated. Second, to boost the response rate, three follow-up reminders were utilized (Story and Tait, 2019). The research instrument was administered through a face-to-face drop-and-pick-up method. A total of 202 valid responses were noted, resulting in a 67% response rate. This high response rate increases the representativeness of the survey data. It also reduces the nonresponse bias.

Table 1. Amalgamated sample distribution by positions.

Respondents	Technology	Agriculture	Retail	Banking	Agro-Industrial	Food	Insurance	Industrial	Building	Education	MNCs (Mining)	MNCs (Beverages)	Total
Population (Organisations)	6	17	5	13	8	3	4	11	12	11	14	8	112
Sample (Organisations)	2	3	1	5	3	2	2	2	3	3	6	3	35
Sample (respondents0)													
HR Managers	5	5	1	5	4	2	2	2	4	9	6	6	51
HR Department employees	20	9	4	8	10	6	3	14	20	12	30	40	176
IT Professionals	2	3	1	5	3	2	2	2	3	3	6	3	35
Line Managers	2	3	1	5	3	2	2	2	3	6	6	3	38
Total	29	20	7	23	20	12	9	20	30	30	48	52	300

3.2. Survey questionnaire

To assess the comparative effect of different e-HRM configurations on organizational consequences in a developing economy context, measures of e-HRM use operational, relational, and transformational consequences were assessed.

3.2.1. e-HRM use scale

The 6-item e-HRM instrument uses a 5-point Likert scale. The items were developed and validated by Ruel et al. (2007) and Wahyudi and Park (2014). In this study, e-HRM use is an independent variable meant to bring forth different elements of organizational consequences.

3.2.2. Operational consequences scale

A 3-item operational consequences scale was developed. These items were originally developed by Parry and Tyson (2011), Bondarouk and Ruel (2013), and Panos and Bellou (2016). In this study, the construct is a dependent variable.

3.2.3. Relational consequences scale

This study uses a 3-item operational consequences scale. This scale was originally developed by Bondarouk and Ruel (2013) and Panos and Bellou (2016).

3.2.4. Transformational consequences scale

This study used a 3-item transformational consequences scale. It was originally developed by Bondarouk and Ruel (2013) and Panos and Bellou (2016). The scale items for all variables are shown in **Table 2**.

Table 2. Measures of variables.

Construct	Number of Items	Questions
e-HRM use	6	I have the necessary knowledge to use e-HRM systems. Use of e-HRM applications do not require a lot of mental effort The e-HRM system is clear and understandable. The e-HRM system helps me improve my job performance I find the e-HRM system useful for performing my daily job-related activities at lower costs e-HRM allows employees to perform job related activities faster
Operational consequences	3	There is standardization of HR processes Employees are saving on time spent doing routine tasks There is increased efficiency in most departments
Relational consequences	3	There is improved HR service to employees. There is increased responsiveness to employee needs Improved line managers' responsibility to meet HR responsibilities
Transformational consequences	3	e-HRM allows HR staff to redirect time onto strategic initiatives. e-HRM allows HR professionals to focus on tasks that provide increased value e-HRM allows the HR function to spend more time on HR planning activities

3.3. Data analysis

Linear regression was performed to establish the effect of e-HRM types on three types of e-HRM consequences (operational, relational, and transformational) in MNCs

and local companies. The e-HRM configurations of ‘local companies with no international presence’, and MNCs were presented.

4. Results

The data were checked for suitability for linear regression analysis. The correlation (R) statistic is 0.52. High correlations ($r > 0.90$) indicate that the data could have a multicollinearity problem. Low correlations of 0.3 and below ($r < 0.30$) indicate a lack of patterned relationships. The residuals are also independent. The Durbin-Watson statistic is 1.85, close to the recommended value of 2 (Kline, 2016). The scatter plot showed the homoscedasticity of residuals. The Cook’s distance statistic of 0.272 (with a value greater than 1 being a cause for concern) and the P-P plot of the regression standardized residual showed the normal distribution of residuals (Kline, 2016).

4.1. Factor analysis

Exploratory factor analysis (EFA) using principal axis factoring (PAF) was conducted to identify the underlying patterns of e-HRM use and e-HRM macro-level consequences. The EFA of e-HRM use revealed two latent factors: perceived ease of use and system usefulness. Together, the two factors explained 71.8% of the variance. Goodness of Fit Indices were used to evaluate the confirmatory factor analysis that was performed to confirm the constructs. The statistics indicated a good fit (CFI = 0.99; RMSEA = 0.041; SRMR = 0.027; GFI = 0.98; $\chi^2/df = 1.55$; and NFI = 0.98).

EFA was also performed to identify latent factors associated with ‘e-HRM macro-level consequences’. Three latent factors (operational, relational, and transformational consequences) emanated from this EFA. The three latent variable factors cumulatively accounted for 70.31% of the variance. A good model fit was observed (CFI = 1.00; RMSEA = 0.029; SRMR = 0.026; GFI = 0.99; $\chi^2/df = 1.27$; and NFI = 0.98).

4.2. Descriptive statistics

4.2.1. Size of organizations

The MNCs employ between a minimum of 1200 and a maximum of 2100 employees in their Zimbabwean operations. The ‘local companies with no international presence’ employ a minimum of 62 and a maximum of 850 employees. The average depth of e-HRM applications is 40.3% for MNCs and 33.6% for ‘local companies with no international presence’, respectively.

4.2.2. Demography of employees

MNCs have a high proportion of young employees, with 58% of employees aged 40 years and below. A small proportion of its employees are older than 41 years. Sixty-seven percent (67%) of MNC employees have at least a first degree. On the other hand, ‘local companies with no international presence’ have a low proportion of young employees, with only 34% of their employees aged 40 years and below. A large proportion of its employees are over the age of 41. In terms of qualifications, 34% of employees possess a minimum of a first degree.

4.2.3. Use of e-HRM applications

MNCs enjoy higher utilization levels of all e-HRM applications than ‘local companies with no international presence’ as shown in **Figure 1**. Surprisingly, the e-HRM relational application (MSS) utilization level is almost equal for both groups of companies. However, ESS utilization is higher for MNCs than ‘local companies with no international presence’. As shown in **Figure 1**, the utilization of e-HRM operational applications of e-payroll, e-time management, and e-administration is higher for MNCs than for ‘local companies with no international presence’.

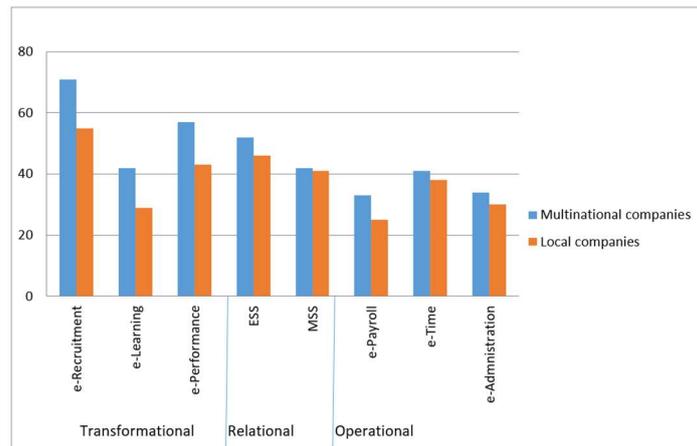


Figure 1. Use of e-HRM applications.

4.3 Hypotheses testing

- H₁: The effect of e-HRM on operational consequences is positive and higher in MNCs than in ‘local companies with no international presence’.

The effect of e-HRM on operational consequences among MNCs was positive and significant ($\beta = 0.309$, $p < 0.01$). The use of e-HRM explained 9.5% of the operational consequences ($R^2 = 0.095$). The effect of using e-HRM on operational consequences amongst ‘local companies with no international presence’ is also positive and significant ($\beta = 0.306$, $p < 0.01$). It explains 9.4% of the operational consequences ($R^2 = 0.094$). The effect of e-HRM on operational consequences is marginally higher in MNCs than in ‘local companies with no international presence’ (see **Table 3**). Therefore, hypothesis 1 is accepted.

- H₂: The effect of e-HRM use on relational consequences is positive and higher in MNCs than in local companies.

The effect of e-HRM on relational consequences among MNCs is positive and significant ($\beta = 0.389$, $p < 0.01$) (see **Table 3**). The effect of e-HRM use explains 15% of the relational consequences ($R^2 = 0.15$). The effect of e-HRM on relational consequences amongst ‘local companies with no international presence’ is also positive and significant ($\beta = 0.237$, $p < 0.05$). This effect is less, explaining only 5.6% of the relational consequences ($R^2 = 0.056$). The effect of using e-HRM on relational consequences is higher in MNCs than in ‘local companies with no international presence’. Therefore, hypothesis 2 is accepted.

- H₃: The effect of e-HRM on transformational consequences is positive and higher in MNCs than in ‘local companies with no international presence’.

The effect of e-HRM on transformational consequences among MNCs is positive and significant ($\beta = 0.352, p < 0.01$). The effect explains 12.4% of the transformational consequences ($R^2 = 0.124$, see **Table 3**). The effect of e-HRM on transformational consequences in ‘local companies with no international presence’ is also positive and significant ($\beta = 0.285, p < 0.01$). However, this effect is less significant, explaining only 8.1% of the transformational consequences ($R^2 = 0.081$). Therefore, hypothesis 3 is accepted:

Table 3. Paths coefficients.

Path	MNCs			Local companies		
	β	p	R^2	β	p	R^2
e-HRM → e-HRM operational consequences	0.309	0.01	0.095	0.306	0.01	0.094
e-HRM → e-HRM relational consequences	0.389	0.01	0.151	0.237	0.05	0.056
e-HRM → e-HRM transformational consequences	0.352	0.01	0.124	0.285	0.01	0.081

5. Discussion

5.1. H1: The effect of e-HRM on operational consequences is positive, and higher in MNCs than in ‘local companies with no international presence’

Different e-HRM systems positively and significantly impact operational consequences. This effect is slightly higher in MNCs compared to ‘local firms without international presence’. Hypothesis 1 has been accepted. The near-equal effect can be attributed to the moderate investment requirements needed in information technology to achieve time and cost advantages (Galanaki et al., 2019). Organizational size, competition in international markets, employee profiles, and the presence of a strategic HR function are not decisive factors. Small companies’ budgets permit the capital outlay needed to improve operational consequences. Consequently, the adoption of IT amongst corporations has increased due to its ease of use, usefulness, and growing employee digital literacy. Other studies have validated this result, despite limited research in the area (Martini et al., 2020; Strohmeier and Kabst, 2014).

5.2. H2: The effect of e-HRM use on relational consequences is positive and higher in MNCs than in ‘local companies with no international presence’

The effect of e-HRM on relational consequences among MNCs is positive and significant. The effect is greater among MNCs compared to that in ‘local companies with no international presence’. Geographical space motivates employees in MNC settings to desire relational e-HRM technologies for effective interaction. “In smaller organizations, face-to-face interactions are preferable to any electronic interactions” (Strohmeier and Kabst, 2009, p. 346). As a result, management in small companies sees little need to invest in relational e-HRM applications. Hypothesis 2 is accepted. Although the impact is modest, other factors also contribute to the narrowing of the gap between small and large companies. Even smaller organizations with little need for relational e-HRM applications have been able to afford the relevant applications due to their relatively low cost. From 2000 to 2017, developing countries experienced

a faster increase in IT usage than developed countries (Louw and Venter, 2019). The findings from this study correspond with those of other studies (Galanaki et al., 2019; Martini et al., 2020; Strohmeier and Kabst, 2014).

5.3. H3: The effect of e-HRM on transformational consequences is positive and higher in MNCs than in ‘local companies with no international presence’

The effect of e-HRM on transformational consequences is higher in MNCs than in ‘local companies with no international presence’. Hypothesis 3 is accepted. The adoption of e-HRM and the attainment of transformational consequences are more widespread among large organizations, such as MNCs, due in part to the strategic orientation of the HR function (Strohmeier and Kabst, 2014) and ability to finance huge investment in information technology. Strategic orientation enhances the link between organizational and human resource management goals (Bondarouk et al., 2017). As a result, e-recruitment, e-performance management, and e-learning are clearly oriented. Therefore, the integrated use of e-HRM applications is partly dependent on this clear strategy orientation. Several studies validate this finding (Bondarouk et al., 2017; Galanaki et al., 2019; Marler and Fisher, 2013; Parry, 2011; Strohmeier and Kabst, 2014; Strohmeier and Kabst, 2009). MNCs adopt e-HRM when they satisfy a critical threshold in terms of the number of employees, which justifies the need to invest substantial resources in information technology (Galanaki et al., 2019). In summary, big organizations employ a full range of operational, relational, and transformational e-HRM applications. MNCs are therefore expected to have a wider range of IT applications than local organizations. However, the difference is marginal, indicating that organizational size and strategic orientation are not the only factors that define configuration types. There is a need to look at national policies triggering innovation in analysing e-HRM configurations (Strohmeier and Kabst, 2014).

6. Implications

6.1. Theoretical implications

The findings of this study have two theoretical implications. The study’s results strengthen the theoretical relationship between e-HRM implementation and the desired organizational consequences. Any e-HRM configuration deployment brings about organizational effects, with the level of achievement differing. The digitization of the HR function contributes to organizational performance, as shown in this study.

This study confirms the relationship between e-HRM configuration and contextual factors. A ‘power user’ (or ‘integrated e-HRM’ or extended relational) configuration is more likely than other types to ensure organizational success (Galanaki et al., 2019; L’Ecuyer and Raymond, 2023; Njoku et al., 2016; Parry, 2011; Strohmeier and Kabst, 2014). In this setup, IT plays a significant role in HRM. In large multinational corporations, the HR function plays a strategic role. Configurations with lower IT for HRM emphasis still support organizational success, although to a lesser degree.

Despite being in the same socio-economic context, distinct e-HRM configurations yield diverse desired organizational consequences. Success depends on the degree of IT sophistication. e-HRM success rates differ between MNCs and ‘local companies with no international presence’. In developing economies, the use of advanced e-HRM systems has led to increased value creation. Geographical, socio-economic, and contextual factors, therefore, do not influence the effectiveness of e-HRM systems (Galanaki et al., 2019).

6.2. Managerial implications

The results of this study have practical implications. Consequences for organizations do not stem solely from IT implementation. The e-HRM system’s level of sophistication is also a factor. By aligning actors’ e-HRM configurations to organizational goals, desired organizational consequences can be attained. Specific configurations lead to superior organizational performance (Galanaki et al., 2019; L’Ecuyer and Raymond, 2023; Strohmeier and Kabst, 2014). To effectively enhance organizational success, e-HRM actors should utilize advanced applications emphasizing HRM capabilities. In developing economies’ small- to medium-sized organizations, e-HRM’s full potential is not fully realized due to the absence of such applications.

Despite having low IT for HRM, the ‘operational-user’ e-HRM configuration still plays a role in achieving moderate organizational success. A minimal IT component in HRM does not hinder organizational success. Effective e-HRM configurations are grounded in strategic HRM. HR practices and policies are crucial for the implementation of e-HRM. Consequently, management should prioritize this.

7. Limitations and future research

This study utilized cross-sectional research. This approach makes it difficult to observe variables that evolve slowly. As a result, it is difficult to establish causal links among the variables under study. This causes the Neyman bias. Future research should adopt a longitudinal approach in order to establish the existence of causality, if any. Research data have been collected in the specific context of a developing country. Socio-cultural factors may limit the generalization of these findings to broader contexts. Additional research in other developing country settings should be considered to enhance this study’s population validity. Future research should also focus on the influence of national culture on e-HRM systems.

This study analyzes the effects of e-HRM systems on organizational consequences in MNC subsidiaries and in ‘local companies with no international presence’. This study acknowledges the differences in e-HRM outcomes between two groups of organizations. Contextual variables such as size, institutionalization of the HR function, and presence in global markets influence the operational, relational, and transformational consequences of e-HRM systems. However, the difference in operational consequences is negligible. Although e-HRM configuration categorization currently follows a national-specific trend, a company-specific trend is also feasible. A generalization of e-HRM configuration based on a country’s technological development is inadequate.

The study has not integrated the impact of global trends such as remote work and artificial intelligence on e-HRM configurations. The growth and application of artificial intelligence (AI) in the workplace are likely to compete against the relevance of e-HRM. Artificial intelligence provides an alternative to IT for HRM. Future research should explore the effects of AI in order to provide a forward-looking perspective.

8. Conclusion

This study investigated the variance in e-HRM use between multinational corporations (MNCs) and ‘local companies with no international presence’. The study, employing a quantitative survey design, revealed the following results.

- The effect of e-HRM on operational consequences is positive, and higher in MNCs than in ‘local companies with no international presence’,
- The effect of e-HRM on relational consequences is positive, and higher in MNCs than in ‘local companies with no international presence’, and
- The effect of e-HRM on transformational consequences is positive, and higher in MNCs than in ‘local companies with no international presence’.

The study reveals the need for additional factors impacting e-HRM configurations. The effectiveness of e-HRM configurations cannot be fully explained by organizational size, employee profile, geographical market presence, and strategic orientation of the HRM function alone. Other factors like national policies and artificial intelligence should be considered. Successful e-HRM systems are predominantly implemented in large corporations in developed economies. This study maintains that MNCs can transfer effective e-HRM systems to developing economies through their subsidiaries. Extensive e-HRM systems are therefore not confined to developed economies, but can also be implemented in different socio-economic contexts such as those prevailing in developing economies.

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