

Influence of SMEs Electronic Human Resource Management on Organizational Performance

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Regardless of the size of the organisation, electronic human resources management (e-HRM) systems are crucial because of their influence on risk reduction and prevention. The relationship between e-HRM and small and medium-sized organisations (SMEs) is, nevertheless, the subject of few studies. Although SMEs are essential for the nation's financial stability, they are thought to be less knowledgeable about e-HRM in developing nations. In order for SMEs to survive and have an impact on the economy of the nation, this conceptual paper seeks to provide a wider understanding of SME organisations. This study examines pertinent literature from the last ten years on the adoption of e-HRM, the awareness of SMEs organisations regarding the quality implementation of e-HRM systems, the survival of SMEs, and their effects on the national economy. A fundamental challenge is the widespread and persistent belief that only large firms can use e-HRM systems. This study found, based on the literature, that SMEs may adopt any effective and efficient e-HRM systems and enhance the performance of their organisations. The adoption of e-HRM systems by SMEs could be improved by the provision of suitable knowledge and training by SMEs organisations. The study's literature indicated that better e-HRM system deployment will raise South Africa's GDP level as a result.

Keywords: e-HRM, SMEs, Organizational performance

JEL Classification: M10, M41

1. Introduction

Businesses in South Africa are moving forward with the Industry Revolution (IR4.0), and one of their initiatives is Electronic Human Resources Management (e-HRM). To "beat" the chaotic business order in the age of modern business technology, SMEs have had to rethink their strategy (OECD, 2022). SMEs lack the skills necessary to successfully integrate e-HRM solutions. Poor organizational performance, SME failure, and a negative influence on the nation's economic growth are ineluctably the results of this (Bruwer and Coetzee, 2016; Dubihlela and Nqala, 2017; OECD 2022).

Nyathi and Kekwaletswe (2023) postulate that firms of all sizes must use (e-HRM) to give their employees a continuous competitive advantage. Hosain (2016) articulates that, the level and method of an

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organization's use of its human resources determines its performance at its highest level of effectiveness and efficiency. Meijerink et al. (2021) support the above, electronic human resource management (e-HRM) is very important in any organization since it makes it easier for managers and staff to carry out human resource functions. Today's businesses are aware of the potential of their workforce as a source of competitive advantage.

As a result, it is important to focus on the human resource strategies that best utilize these resources. Adoption of specific technologies during the fourth industrial revolution (IR4.0) offers SMEs numerous important benefits and enhances organizational performance (OECD 2020). By enhancing and expediting access to information and communication between employees and other employees within the organization, electronic human resources management reduces transaction costs (Ahmed, 2019; Mamatha et al., 2022).

Masum et al. (2015) and Hosain (2017) explained that electronic human resource management (e-HRM) has a substantial impact on an organization's ability to perform well and generate more revenue. According to a number of studies conducted in developed economies (Bondarouk and Ruel, 2013; Strohmeier and Kabst, 2014; Obeidat, 2016) using e-HRM, employee and organizational performance can improve. Gusain et al. (2023) evidence that e-HRM significantly enhanced the performance of numerous SMEs and lends credence to the aforementioned assertion. It encourages access to increasingly available online resources like government services, training, and hiring procedures. Additionally, it encourages innovation, expands access to innovation resources, and permits organizations to gather data and study their operations in creative ways to improve organizational performance (Plata and Calpito, 2020).

Furthermore, it encourages innovation, expands access to innovation assets, and enables organizations to gather data and assess their operations in fresh ways to improve organizational performance (Plata and Calpito, 2020). The HR departments of SMEs in Africa have not been tech-forward. SME's must embrace strategic e-HRM and bid farewell to transactional e-HRM (payroll and benefits). Despite the advantages and prospects that e-HRM offers and the tremendous growth in adoption over the past few years, many SMEs still lag behind in e-HRM practise, and the gap between smaller firms and larger firms in e-HRM adoption has grown over the previous ten years (OECD, 2022).

In order to address a number of issues, including the fact that most employees were not fully conversant with e-HRM, the systems were impacted by the employees' cultural approach to change, and a lack of expertise within the human resources division towards e-recruitment (Makanga 2015). According to Makanga (2015), these discrepancies have increased inequality among people, places, and businesses. They also argue that e-HRM is an essential driver of productivity improvement and, as a result, improves organizational performance.

Several academics have recommended integrating e-HRM systems with organizational performance in order to optimize gains in organizational performance (Florea and Badea 2013; Malik and Mujtaba 2018; Meijerink et al., 2021; Mamatha et al., 2022). (SMEs) in South Africa ought to be able to recognize the various advantages and take use of the availability of e-HRM. SMEs will experience an exciting shift when they embrace innovation, and this will unavoidably have an impact on the South African economy. In light of the foregoing context, this study contributes to a larger and more comprehensive understanding of the relationship between proper knowledge of the deployment of e-HRM practices and SMEs' organizational performance and their beneficial influence on the South African economy.

The main goal of this paper is to comprehend the significance of South African SMEs in seizing the advantages provided by the availability of e-HRM. It will also assist SMEs in realizing the significance of implementing Industry Revolution (IR4.0) in their business in order to be sustainable and endure the competitiveness of the unstable market.

The main research questions of the study are:

- What is e-HRM transformation?
- What impact will e-HRM have on SMEs?
- How should SMEs use e-HRM?
- What effect does e-HRM have on the effectiveness of the organization?

2. Literature Review

Academic works from the past 10 years from the University of Johannesburg respiratory, news reports, official documents, and assessments of technology acquaintances are the main sources for this paper. According to earlier investigations, SMEs do not use e-HRM to secure their organization and, as a result, ignore the difficulties that they face (OECD 2022). It is vital to start with the fundamentals in order to better understand how the e-HRM and digitalization are defined. Walker (1980) claimed that the First Global Research, which Walker advanced in the 1980s, served as the foundation for e-HRM. A study titled "The Background of Electronic HRM" was proposed by Walker in 1980.

According to Walker (1980), the use of computers in human resources management dates back to the 1940s, particularly in the United States of America. Payroll systems and employee data storage were the first processes in America. Research conducted by Fletcher in 2005, who later hypothesized that in 1943, America experienced a problem with payroll clerks due to manual processes that failed to prevent human errors, also supported this. The goal of the creation of e-HRM was to prevent human errors and improve organizational performance. However, Dina (2021) asserts that despite the use of the new technology, e-HRM, a number of issues persisted. According to Ahmed (2019), a variety of issues including worker resistance, data input errors, system unavailability, cost considerations, fixed mindsets, and a lack of training were frequently found.

2.1. Adoption of Electronic Human Resource

Hosain (2017) revealed e-HRM is the technology that enables the human resource function to adhere to the organizational needs for human resources using web-based channels. Dina (2021) believes that e-HRM supports human resource activities and enhances resource management for the benefit of the organization as a whole. Winarto (2018) asserts e-HRM entails organizing, implementing, and utilizing information technology to connect at least two individuals or groups for the aim of carrying out shared human resources-related tasks. As a result, e-HRM may be summed up as any methods connecting human resources and information technology that aim to benefit management and targeted personnel both within and across organizations.

2.1.1 Knowledge of Electronic Human Resources Management

As stated by Almashyakhi (2022), e-HRM systems have many advantages for businesses, including improving human resource efficiency, cutting expenses, alleviating administrative duties, saving time, aiding human resource planning, and enabling HR practitioners to adopt a strategic mindset. Despite the advantages previously mentioned, Dina (2021) asserted that utilizing e-HRM systems could have unforeseen repercussions, which was also backed by (Mamatha 2022). According to Ahmed (2019), there are worries that e-HRM systems could have a negative effect on members of particular protected groups and perhaps violate people's privacy. The result could be favorable or detrimental.

SMEs need to have a better awareness of the many functionalities of e-HRM systems and their purpose in order to adopt and deploy them. SMEs and large organizations may deploy e-HRM in different ways, but both must have efficient e-HRM. Below (Table 1) is a list of functions of e-HRM systems and their purpose.

Table 1. Functions of e-HRM systems (own construction)

Function/Tools	Description
E-Employee Profile	A comprehensive employee database solution, access to employee contact information, and a team-building tool that includes employee talents, an organizational chart, and even images are all provided by an e-employee profile application. Education, employee availability, union membership, work experience, competency, laws, confidential employment information, and service information are all included. (Wong, 2017; Hrustek et al., 2021)
E-Recruitment	Today, digitalization has taken the place of traditional methods for both businesses and job seekers. There are a large number of web-based job portals where firms publish their open positions to encourage candidates to apply for that specific role. Additionally, these websites aid in the evaluation of a variety of resumes (Okolie and Irabor, 2017; Kubar et al., 2021).

E-Selection	The majority of employers will find candidates for their open positions on websites like Google.com, and new selection processes are keeping tests online by evaluating candidates' levels of knowledge, skills, attitude, and behaviour. The employer will properly fill these positions by conducting all of the tests online while utilizing robust information technology, which also helps to lower the cost (Dickter and Jockin, 2018).
E-Learning	Any programme of learning, education, and/or training in which electronic tools, programmes, and processes are used to develop, manage, and transfer knowledge is referred to as e-learning (Ebner et al. (2020). It consists of computer-based learning, web-based learning, and digital collaboration in addition to online classes. Included are content distribution methods such as interactive TV, satellite transmission, audio and videotape, intranet/extranet, and the Internet.
E-Training	Organizations begin to view online learning as a more effective means of delivering training internally, making it accessible "anytime," "anywhere," and cutting both direct and indirect costs (instructors, printed materials, travel time, training facilities, lodging, and travel expenses) by making it available "anytime," "anywhere." Due to hardware limitations, learner isolation, and apprehension about new technology, e-training can provide a solution for training in remote areas, but it can also present barriers to learning (Zainab et al. 2017; Wiradendi 2020).
E-Compensation	All businesses, no matter how big or small, must plan for their paychecks. The process of ensuring that managers distribute salary increases fairly across the firm while maintaining within budget constraints is known as compensation planning. Utilizing an intranet and the internet has become crucial as businesses have begun to expand (Nurshabrina, 2020).
Anywhere, Anytime Access	Human resources information systems, which are web-based human resources service systems, give you the freedom to access the programme from any location with an internet connection and information technology (Umar et al., 2020).
E-Leave	By identifying the work force in advance and reviewing historical data records of employee leave, costs can be reduced (Rana, 2022).

It is crucial to comprehend these e-HRM system functions, which are listed in Table 1 above. The solutions will assist SMEs organizations in achieving their organizational goals, adhering to rules and regulations, and defending the organization's assets and trustworthy human resources information as they plan the design and implementation of e-HRM systems.

2.1.2 Implementation Electronic Human Resources by SMEs

Failure to implement e-HRM systems could prevent SMEs from achieving their corporate goals and growth strategy. The majority of SME failures are caused by high risk, which cannot occur when SMEs prioritize the deployment of critical controls (OECD 2022). However, the majority of SMEs struggle with employees who lack the knowledge and training necessary to divide up tasks. The supply of training requirements, as well as compensation or encouragement to improve controls and lessen the difficulties of segregation of jobs, is a suggested remedy to improve the e-HRM systems. This study suggests that SMEs' ability to prevent and mitigate risks, as well as their ability to sustain themselves, would be considerably impacted if they adequately adopted e-HRM systems. Additionally, it will result in an improvement in organizational performance, worker involvement and participation, morale and job satisfaction, organizational flexibility, employee trust and compliance, and any improvement in strategic decision-making.

1. Increase the organizational performance

Recent research conducted in Austria by Xing (2017) on the effects of employee involvement and participation on organizational success in the candy industry suggested that these factors boost organizational performance across a range of businesses. This study demonstrated that Austrian workers are increasingly questioning rigid organizational structures and asking their managers for greater autonomy and advancement chances. This demonstrates that staff members were more engaged in the day-to-day operations of the organization, as seen by their engagement in all organizational activities.

2. Increases employee involvement and participation

In Nairobi, Ambani (2016) carried a research on the impact of employee engagement on job performance. According to his theory, one indicator of how well each employee performs on the job and how

well the entire organization performs is the level of employee engagement. The relationship between employee engagement and job performance for the organization was examined. The study's goal was to ascertain the relationship between employee engagement and work performance. The study found that allowing employees to engage in decisions that have an impact on their jobs improves both individual employee performance and organizational performance..

3. Increases in employee Moral and job satisfaction

Participation and involvement boost worker morale and job satisfaction and increase productivity (Dina, 2021). Employee morale and job satisfaction, according to Thite (2018), will inspire workers to feel at home in or continue working for the same firm. According to Subat *et al.* (2020), managers should ensure that their teams have positive working environments and competitive compensation plans. According to Maslow's hierarchy of needs, an employee's morale can rise as they move up the ladder, satisfying needs ranging from safety to self-actualization.

4. It in employee Moral and job satisfaction

Employee involvement and participation provide them the chance to use their own data, which can help the organization make better decisions (Almashyakhi, 2022). The foundation of modern business is innovation, and organizations value employees that have unique ideas. The strategic choice that an organization can make in order to survive, such as the adoption and implementation of e-HRM in diverse organizations, may be one unique concepts.

5. Organizational flexibility

Involvement and participation promote organizational flexibility, product quality, and productivity by incorporating the ideas and information from employees (Dina 2021). Organizational flexibility is a necessary talent that an organization can employ (Meijerink, 2022). The ability of the organization to accept new technologies and innovations, which are of the utmost importance to the organization itself, can also be correlated with flexibility in this situation.

6. Trust and employee compliance

Participation and involvement help employees feel more in control and more trusting of their employer (Frorea and Badea, 2013). Employee involvement can cut costs by minimizing the resources needed to oversee employee compliance, such as supervision and work regulations. If an employee complies with the organization's rules, there is a good likelihood that the organization will use them and for the organization's benefit, hence improving organizational performance (Thite, 2018).

7. Increase in Strategic Decision

When employees are given the opportunity to offer their ideas and recommendations, deep employee involvement in decision-making maximizes viewpoints and a diversity of perspectives, which may boost business performance (Loius 2022). Meijerink (2021) asserts that strategic choices are wise in that they always enhance an organization's performance. The employees will easily carry out the vision since they are in line with it if they actively engage in making these decisions because they cannot easily be modified.

3. Discussion and Conclusions

According to the literature gathered, South African SMEs need to become experts in a number of areas in order to modernize their operations and reap the rewards of the growing e-HRM worldwide. The understanding of e-HRM systems will help SME organizations and government policymakers make better decisions. Previous studies had the impression that SMEs do not use e-HRM to improve their businesses and unintentionally downplay the difficulties they face. This is despite the fact that earlier studies have shown that SMEs struggle to survive and fail because their managers lack the technology expertise necessary to establish effective e-HRM systems.

This study discussed how SMEs operate, which frequently presents difficulties for e-HRM initiatives. Fewer or less skilled employees and the complexity of e-HRM systems constitute both of them, and they could make it difficult to successfully integrate new systems. However, strategies have been put out to get around these difficulties. The adoption of (TAM) will help SMEs increase the knowledge, skills, and professional capacity of their staff, which will enhance the delivery of their products and services and enable them to be

sustainable and absorb the effects of digitalization (Mwende, 2020). As a result of modernization, SMEs must accept changes that bring "value" and the sustainability required for continued operation. Value is understood as the intrinsic worth of the SME, which will aid in their sustainability. Part of the required shift is replacing the outdated, manual methods of doing things, especially in terms of organization and skill needs.

According to Jun et al. (2021), there are significant and advantageous links between e-HRM, innovation, and an organization's capacity for change. This means that SMEs must begin to fully accept changes, either gradually or drastically, depending on their organizational capability and available deployable assets, in order to reap the benefits of the existence of the e-HRM. Networking is a further issue that has to be prioritized. The modernization programme will advance and SMEs' skills will be strengthened by having a robust and dependable web of the network, which includes the holistic business ecosystems made up of suppliers, service providers, and business support entities. Before increasing expectations for staff, SME organizations that lack knowledge of e-HRM systems and how to use them should obtain the requisite training. The survival of SMEs' organizations is considered as being highly dependent on their capacity to ride the digitalization wave of change, and this study stressed the significance of SMEs being able to leverage on the e-HRM environment in order to harness the good implications from it. It covers the organizational characteristics that SMEs should have and the key areas on which they should concentrate in order to capitalize on the available competitive advantages. Above importantly, SMEs should be more adaptive, prepared to accept change, and knowledgeable about the latest technological advancements. Both public and private institutions that offer coaching for those forms of information about e-HRM and digitalization are available to assist.

SMEs must take advantage of the opportunity to the best extent possible, and they must always be prepared and on time. These attitudes will support SMEs in achieving 4IR, giving them a chance to gain from the effects of digitalization.

3.2. Implications

Discussions supported by literature evaluations indicate that implementing innovative methods is crucial for SMEs to be viable. The potential of e-HRM and the exponential prospects it provides to the business sector and to people's lives in general are discussed in this paper along with some proof and realistic viewpoints. A general awareness of e-HRM and its interactions with other elements of daily life would help SMEs, start-ups, government organizations, private sector organizations, and researchers from all backgrounds, which will motivate others to study it further.

3.1. Recommendations for Future Study

This study focuses on South Africa as a developing country's adoption of e-HRM practice by SMEs. Future research can empirically examine the effectiveness of e-HRM systems in ensuring the organizational performance of certain SMEs and the extent to which they are being implemented by those SMEs. To determine the similarities in the implementation of e-HRM systems between developed and developing countries, a comparative research might be done.

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