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**THE USE OF PEOPLE MANAGEMENT TECHNOLOGIES IN IRELAND**

Ralf Burbach<sup>1</sup>

Tony Dundon<sup>2</sup>

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<sup>1</sup> Centre for Innovation & Structural Change, National University of Ireland, Galway, Ireland. [Ralf.burbach@nuigalway.ie](mailto:Ralf.burbach@nuigalway.ie)

<sup>2</sup> Centre for Innovation & Structural Change, National University of Ireland, Galway, Ireland. [Tony.dundon@nuigalway.ie](mailto:Tony.dundon@nuigalway.ie)

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## Executive Summary

- This report summarises the findings of a survey about the use of Human Resource Information Systems (HRIS) associated with people management activities in Ireland. A total of 520 responses were received.
- The study was conducted by the Centre for Innovation and Structural Change at the National University of Ireland, Galway.
- The survey shows that larger and foreign-owned organisations are more likely to utilise HRIS than Irish-owned or smaller firms.
- The most commonly used HRIS modules are employee information, training and development, and payroll and pensions.
- The decision to use HRIS is taken mainly made at a corporate rather than enterprise level. In over one-quarter of organisations, HR practitioners are responsible for the purchase and use of HRIS. The main users of HRIS are HR practitioners
- The most common systems used are those purchased directly 'off-the-shelf, with very few organisations having their own bespoke system.
- Just over a third of organisations that use HRIS integrate their HR-related technologies with other enterprise systems. The most typical human resource technical interface is with finance and payroll.
- Overall, there is a lack of awareness among HR practitioners about the range of usages and system capabilities from HRIS. In over 90% of respondent organisations HRIS are under-utilised

## Introduction

The use of information technologies for people management activities is increasingly regarded as a vital strategic tool in the drive for competitiveness. HRIS claim to add-value to the organisational competences, help reduce costs, increase flexibility and provide enhanced service delivery to customers and organisational stakeholders. The range of activities associated with HRIS varies from simple electronic record keeping, to more sophisticated decision-making models that integrate corporate and human resource strategies.

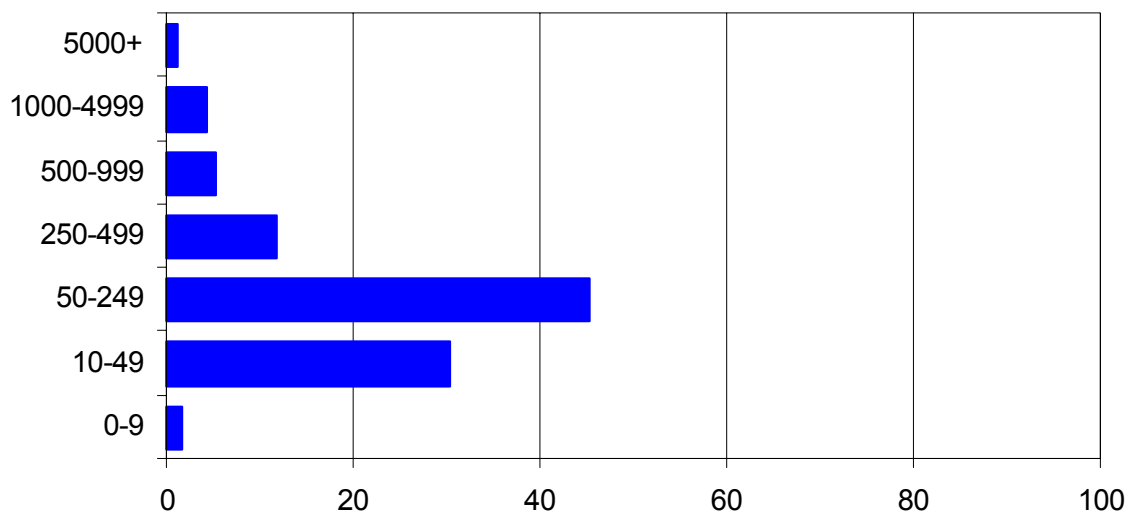
This survey sought to establish the type of technologies employed in the management of human resources and to evaluate the extent to which these technologies are used in Ireland. For this purpose 3000 privately owned enterprises were selected to reflect a representative sample in terms of organisational size, region, ownership and different sectors of economic activity. Enterprises with less than ten employees, public sector and non-profit organisations were excluded. The survey was administered in dual mode, with responses submitted online or by post. Duplicate responses were not admissible. The questionnaire was addressed to HR managers (or the manager responsible for HR) in each organisation. A total of 520 (17.3%) valid responses were received and used for further analysis. All tables include rounded percentages.

This survey reports that less than one-third of Irish organisations in the sample use HRIS to manage their human capital to some extent. The corresponding figure for foreign-owned organisations with operations in the Republic of Ireland is considerably higher, with more than half these organisations using HRIS.

## Sample Characteristics

More than three quarters (78%) of respondents belonged to the Small to Medium-Sized category\* of enterprises. Figure 1 also shows the breakdown of the large organisations in the sample.

**Figure 1: Organisation Size**



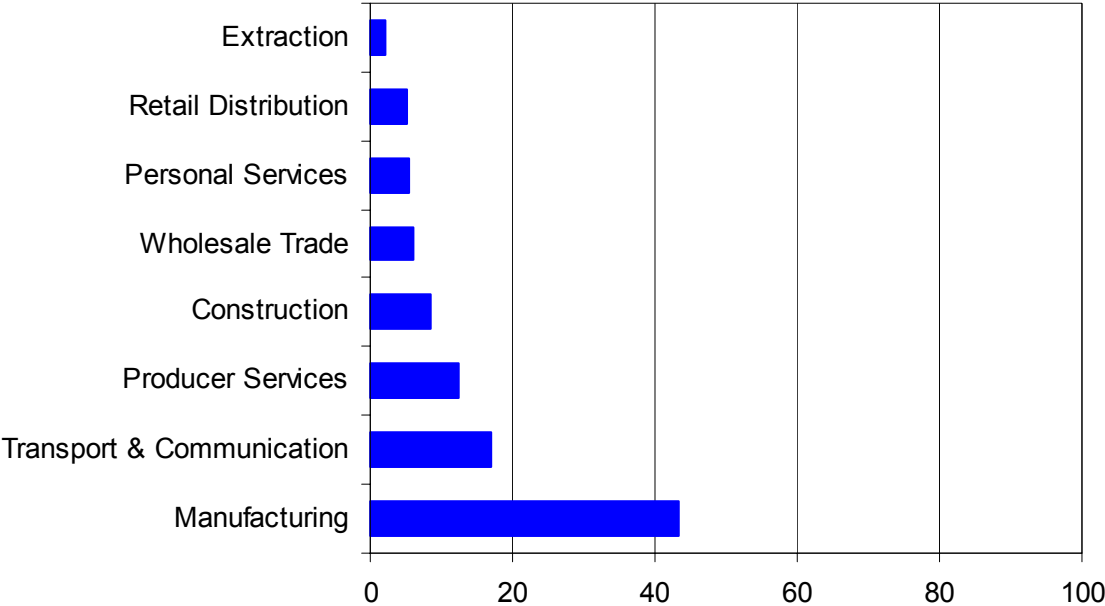
The ratio of Irish to foreign-owned companies in the sample is 3:2. Of the 42% of foreign-owned organisations, the majority are USA owned (18%); 7% UK; 5% German and 3% Japanese. The remainder of all non-Irish firms (9%) originate from other European countries.

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\* According to the European Commission Recommendation from 3<sup>rd</sup> April 1996 (Official Journal L 107, 30/04/1996 P. 0004 – 0009) SMEs are defined as enterprises which have fewer than 250 employees. The small enterprise is defined as an enterprise, which has fewer than 50 employees and the medium-sized enterprise is defined as an enterprise, which has 50 or more but less than 250 employees. For simplification purposes turnover and balance sheet criteria were not included in this study.

The most prominent industry sector represented in the sample was manufacturing (43%) (illustrated in Figure 2). The next largest sectors in the sample were transport and communication (17%) and producer services (12%).

**Figure 2: Industry Sectors**



## Use of HRIS in Ireland

HRIS are used by 38% of all respondents, with just 27% of Irish-owned firms employing HRIS. Table 1 also shows that large and foreign-owned organisations are more likely to use a HRIS than small to medium-sized organisations. A similar amount of companies intended to change their existing system (13%) or planned to introduce a new system (13%) within the near future.

**Table 1: HRIS Used**

	<b>All Respondents (n=520)</b>	<b>Small and Medium-Sized Organisations (n=403)</b>	<b>Large Organisations (n=117)</b>	<b>Irish Owned (n=302)</b>	<b>Foreign Owned (n=218)</b>
Yes	38	28	74	27	53
Change	13	7	33	7	21
Planned	13	12	15	11	15



## HRIS Modules Used

Information technologies have the potential to cover a wide range of activities associated with the HR practitioners' role. The most common areas of HRIS usage for HR practitioners include:

- Sharing information with employees (86% of all respondents)
- Training and development activities (62% of all respondents)
- Payroll and pensions (44% of all respondents)
- Performance management (37% of all respondents)
- Recruitment (37% of all respondents)

Table 2 shows that HR practitioners in larger organisations are more likely to use such HRIS modules than their smaller counterparts.

**Table 2: HRIS Modules Used**

	<b>All Respondents (n=196)</b>	<b>Small and Medium-Sized Organisations (n=111)</b>	<b>Large Organisations (n=85)</b>	<b>Irish Owned (n=81)</b>	<b>Foreign Owned (n=116)</b>
Employee Info	86	85	88	90	84
Training & Development	62	59	66	71	56
Payroll & Pensions	44	37	53	43	45
Performance Management	37	37	38	41	35
Recruitment	37	32	44	33	40
Selection	25	22	29	23	27
HR Planning	22	19	26	24	21
Health & Safety	21	22	20	29	16
Equal Opportunities	17	17	18	21	15
Other*	8	11	5	5	10
Time & Attendance	4	5	2	4	3
Holidays	2	4	0	2	2

\*not specified

While the overall usage of HRIS tends to be lower among Irish-owned firms compared to their foreign counterpart, managers in Irish firms do have a higher propensity to adopt specific HRIS packages. Among the Irish respondents, HRIS is used to a greater extent in the areas of sharing information with employees, training and development and performance management.

## Who Chooses the System?

In almost half of the organisations the HRIS is selected at corporate level, while HR professionals are responsible for choosing the system in more than a quarter of organisations (see Table 3). The decision to install a HRIS originates at local business level in less than a fifth of organisations.

**Table 3: Decision to install system**

	<b>All Respondents (n=221)</b>	<b>Small and Medium-Sized Organisations (n=130)</b>	<b>Large Organisations (n=91)</b>	<b>Irish Owned (n=95)</b>	<b>Foreign Owned (n=126)</b>
Corporate Level	48	45	53	46	50
HR Department	28	26	31	32	25
Local Business Level	18	18	16	14	21
IT Department	3	5	0	4	2
Don't know	3	5	0	4	2

n includes all organisations currently using or planning to use a HRIS

## Types of Systems Used

The most popular systems are off-the-shelf products (see Table 4), with 17% of organisations using the same package as their head office. Bespoke systems are relatively uncommon amongst all organisations.

**Table 4: Types of Systems**

	<b>All Respondents (n=244)</b>	<b>Small and Medium-Sized Organisations (n=147)</b>	<b>Large Organisations (n=97)</b>	<b>Irish Owned (n=104)</b>	<b>Foreign Owned (n=144)</b>
purchased off the shelf	59	60	57	66	53
same as HQ	17	14	22	6	26
custom made/bespoke	11	9	15	11	12
developed in-house	7	8	5	9	6
don't know	6	9	1	9	4

## Length of System Use

The majority of organisations implemented their HRIS between one and five years ago (69%, see Table 6). A further 15% of organisations installed their HRIS less than a year ago. Just 15% of HRIS were older than five years.

**Table 5: Time HRIS Has Been in Use**

	<b>All Respondents (n=180)</b>	<b>Small and Medium-Sized Organisations (n=101)</b>	<b>Large Organisations (n=79)</b>	<b>Irish Owned (n=74)</b>	<b>Foreign Owned (n=106)</b>
<1 year	15	19	10	14	16
1-5 years	69	71	66	73	66
6-10 years	13	7	20	12	13
11 years or more	2	1	4	1	3
Don't know	1	2	0	0	2

## The Interface of HRIS with Other Systems

Table 5 shows that 36% of HRIS interface with a range of other organisational technologies and enterprise planning systems. The most common human resource system interface occurred with the finance function, in 67% of all organisations. Of the companies that reported HRIS interface, only one-quarter (26%) stated an interface with payroll, and a fifth (20%) with a corporate wide enterprise planning system.

**Table 6: HRIS Interfaces with other Systems**

	<b>All Respondents (n=197)</b>	<b>Small and Medium-Sized Organisations** (n=111)</b>	<b>Large Organisations** (n=86)</b>	<b>Irish Owned (n=81)</b>	<b>Foreign Owned (n=116)</b>
Yes	36	33	38	33	37
	n*=70	n*=37	n*=33	n*=27	n*=43
Finance	67	65	70	74	63
Production	7	11	3	7	7
R&D	3	3	3	4	2
Sales & Marketing	9	16	0	15	5
Corporate	20	24	15	11	26
Government	3	3	3	0	5
Payroll	26	14	39	30	23
Time & Attendance	6	8	3	0	9
Other	11	8	15	11	12

n\* = the number of organisations reporting HRIS interfaces with other systems

## HRIS Satisfaction Rating

Table 7 shows that more than half of all HRIS users are not entirely satisfied with their system. That is 37% of respondents reported a fair rating, while 21% rate their system as poor. Few organisations rate their HRIS as excellent (10%), while less than one-third (32%) rate their HRIS as good.

**Table 7: Overall Rating of HRIS**

	<b>All Respondents (n=197)</b>	<b>Small and Medium-Sized Organisations** (n=111)</b>	<b>Large Organisations** (n=86)</b>	<b>Irish Owned (n=81)</b>	<b>Foreign Owned (n=116)</b>
Poor	21	25	16	20	22
Fair	37	39	35	37	37
Good	32	27	38	36	29
Excellent	10	9	10	7	11

One of the main reasons for the lack of practitioner satisfaction appears to be the level of expertise and knowledge about the capabilities of HRIS packages, reported in the next section.

## System Knowledge

A general lack of system knowledge exists among the respondent organisations. Table 8 shows that 40% of all organisations have no knowledge of HRIS. A further 20% rate their knowledge of these systems as poor, while 19% report a fair level of system knowledge. Just 16% of organisations rate their HRIS knowledge as good and only 5% as excellent. System knowledge is generally rated higher amongst large and foreign owned organisations.

**Table 8: Knowledge of HRIS**

	All Respondents (n=520)	Small and Medium-Sized Organisations (n=403)	Large Organisations (n=117)	Irish Owned (n=302)	Foreign Owned (n=218)
none	40	50	6	50	26
poor	20	19	21	17	24
fair	19	16	31	18	20
good	16	12	30	11	23
excellent	5	3	12	5	6

When current HRIS users are examined, the lack of system knowledge is still apparent: 23% state a poor level of system knowledge while 27% of active HRIS users have only a fair level of system knowledge. The pattern of a greater level of system knowledge is again associated with larger and foreign-owned organisations in comparison to indigenous Irish-owned firms.

**Table 9: HRIS Users' Knowledge of HRIS**

	All Respondents with HRIS (n=197)	Small and Medium-Sized Organisations with HRIS (n=111)	Large Organisations with HRIS (n=86)	Irish Owned with HRIS (n=81)	Foreign Owned with HRIS (n=116)
none	0	0	0	0	0
poor	23	29	15	25	22
fair	27	23	31	28	26
good	37	36	37	31	41
excellent	14	12	16	16	12

## HRIS System Capabilities

Of the range of potential HRIS capabilities - ranging from simple electronic employee records to more sophisticated and enterprise-wide integrated systems – less than half of all respondents utilised the full potential of their systems. Only 44% of organisations used up to 40% of the potential capability of their system, while just 7% of respondents utilised between 80% and 100% of their systems capacity.

**Table 10: Potential of HRIS Capacity Used**

	<b>All Respondents (n=183)</b>	<b>Small and Medium-Sized Organisations (n=101)</b>	<b>Large Organisations (n=82)</b>	<b>Irish Owned (n=74)</b>	<b>Foreign Owned (n=109)</b>
0-20%	14	15	13	18	12
21-40%	30	31	29	26	33
41-60%	30	31	29	30	30
61-80%	19	17	22	20	18
81-100%	7	7	6	7	6

## HR and the Internet

Increasingly, HR functions resort to the internet to deliver HR services. Respondents were asked to indicate the level to which certain HR tasks are conducted via the web. Just over two-thirds of all respondents use their company website to advertise vacancies; again this is a more common activity among foreign-owned companies operating in Ireland (Table 11).

**Table 11: Posting of vacancies on Website**

	<b>All Respondents (n=520)</b>	<b>Small and Medium-Sized Organisations (n=403)</b>	<b>Large Organisations (n=117)</b>	<b>Irish Owned (n=302)</b>	<b>Foreign Owned (n=218)</b>
web-based vacancies	64	58	86	57	73
satisfaction rating for use of web-based systems for posting vacancies					
poor	13	11	18	12	14
fair	12	11	15	10	14
good	25	24	29	22	30
excellent	14	11	25	13	15

Much more common than web-based technology for job searching is communicating via email with potential employees, with over 90% of HR practitioners using email in this way. The satisfaction with email as a tool for recruitment is significantly higher than that for web-based systems, although still marginal: 35% of respondents reported that email was a good or excellent tool. Again, this ability was rated higher by larger and foreign owned organisations.



**Table 12: Use of email in recruitment process**

	<b>All Respondents (n=520)</b>	<b>Small and Medium-Sized Organisations (n=403)</b>	<b>Large Organisations (n=117)</b>	<b>Irish Owned (n=302)</b>	<b>Foreign Owned (n=218)</b>
Use of email in recruitment process	91	89	97	88	94
satisfaction rating for use of email in recruitment process					
poor	6	5	7	6	6
fair	14	16	9	14	15
good	35	34	38	32	39
excellent	35	33	44	36	34

There is a high usage of the internet for staff among the respondent organisations (91%), although the levels satisfaction is much lower.

**Table 13: Staff access to internet**

	<b>All Respondents (n=520)</b>	<b>Small and Medium-Sized Organisations (n=403)</b>	<b>Large Organisations (n=117)</b>	<b>Irish Owned (n=302)</b>	<b>Foreign Owned (n=218)</b>
staff who have access to the internet	91	89	96	87	95
satisfaction rating with providing staff access to the internet					
poor	12	12	12	14	10
fair	23	24	20	26	19
good	31	30	34	27	37
excellent	24	23	30	20	30

In contrast to internet usage, staff access to an internal company intranet is less common, with under two-thirds of respondents reporting they utilise an intranet system. The satisfaction rating for company intranet as a HR tool seems to be minimal, with 23% of respondents comments this is an excellent tool (see Table 14)

**Table 14: Staff access to intranet**

	<b>All Respondents (n=520)</b>	<b>Small and Medium-Sized Organisations (n=403)</b>	<b>Large Organisations (n=117)</b>	<b>Irish Owned (n=302)</b>	<b>Foreign Owned (n=218)</b>
use of internal company intranet	64	59	79	54	77
satisfaction rating with company intranet system for HR activities					
poor	9	9	9	9	8
fair	11	11	11	11	11
good	21	19	26	15	28
excellent	23	20	34	19	30

## Conclusions

The main message from this survey suggests that while the use of HRIS varies among organisations in our sample, these systems appear to offer a range of benefits to HR practitioners, particularly in the areas of employee information, training and development and performance management. It is equally evident, however, that the potential for these systems to link people management activities with broader organisations objectives is somewhat under-utilised. It is also apparent that many Irish-owned organisations lag behind many of the non-Irish owned companies operating in the Republic.

As might be expected, smaller firms have a lower propensity to use HRIS, and this seems to be related to both the knowledge about the potential of such systems, and the perceived costs of purchase and implementation.

Finally, the evidence suggests that the use of HRIS is likely to continue and grow, with a considerable number of organisations considering such systems in the near future. Coupled with the lower satisfaction levels reported by HR practitioners about their systems and their own knowledge of system capabilities, then training in the appropriate use of such systems is apparently one area that requires serious attention by HR practitioners.

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## About the Authors

Dr Tony Dundon is College Lecturer at the Department of Management, Fellow of the CIPD and Research Director for High Performance Work Systems (HPWS) at the Centre for Innovation and Structural Change (CISC), National University of Ireland, Galway.

Ralf Burbach is Graduate Member of the CIPD, Researcher at the Centre for Innovation and Structural Change (CISC), National University of Ireland, Galway.