

Electronic Human Resource Management and Employee Efficiency: Test of the Mediating Role of Impersonal Trust

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Abstract

This study investigates the relationships between electronic human resource management (e-HRM) and employee efficiency in private companies, with impersonal trust being the intervening variable. A conceptual model was developed and tested using data collected from 167 HR professionals for the study. Data set was examined, and hypotheses were tested by employing Partial Least Squares-Structural Equation Modelling (PLS-SEM) analysis. The result reveal that all hypothesis supported, as well as impersonal trust mediates (partially) the relationship between e-HRM and employee efficiency. The results show that technology-enabled HRM supports organisations by enhancing organisational trust and efficiency outcomes. The key predictors for improving employee efficiency are organisational trust and e-HRM. e-HRM, in the HRM department has a positive impact on employees' trust. The outcomes show the valuable insights for HR professionals allowing them to enhance employee efficiency by applying e-HRM to upgrade employees' trust in the company.

Keywords: Employee efficiency, impersonal trust, electronic human resource management.

1. Introduction

Apart from focusing on conventional strategies, such as improving the quality of services, product development and organisational routines, firms are seeking to enhance their competitive advantages by creating value for their internal customers or employees (Cho and Park, 2011). However, a lack of trust between employees and their employers is likely to result in lower efficiency that will reduce the firm's performance (Searle et al., 2011). Therefore, organisations face an increasing need to focus on value-creating practices to foster trust to improve employee efficiency. One approach is – through the use of electronic human resource management (e-HRM) (Marler and Fisher, 2013; Shahreki and Nakanishi, 2016), to enhance impersonal trust in organisations, which states to trust in impersonal organisational factors such as management group's goals and capability, fair processes and structures, justice, technological and commercial competence, and HRM policies' (Shahreki and Nakanishi, 2016; Vanhala and Ritala, 2016). More broadly, firms are adopting a variety of workplace practices to improve employee performance by developing an environment of trust (Searle et al., 2011). Various studies have acknowledged that organisational trust is a key factor that influences a range of organisational outcomes, including efficiency (Ellonen et al., 2008; Martins and Van der Berg, 2013; McEvily and Tortoriello, 2011). Research indicates that e-HRM is an

important tool to enhance interactions between different groups of employees (Bondarouk et al., 2009; Parry, 2011; Ruel et al., 2007; Shahreki and Nakanishi, 2016; Strohmeier, 2007). Drawing on various conceptualisations of e-HRM that we detail below, we define e-HRM as the integration of various HRM and IT processes to improve workplace conditions to add value to the organisation; it is characterised by a shift away from traditional HRM which is labour-intensive, towards a more technology-intensive, standardised, and efficient approach to HRM (Shahreki and Nakanishi, 2016; Voermans and van Veldhoven, 2007; Yusliza et al., 2011). e-HRM may, therefore, affect organisational trust because it affects employees and managers (Bissola and Imperatori, 2014), and can help to improve the relationship between employees and the HRM department (Bissola and Imperatori, 2014; Parry and Tyson, 2011; Shahreki and Nakanishi, 2016). The HRM literature suggests that impersonal trust has a positive effect on efficiency and organisational performance (Shapiro, 1987; Vanhala and Ahteela, 2011; Vanhala and Ritala, 2016). Although firms are increasingly using e-HRM, no studies have examined how e-HRM impacts employee efficiency both directly and through its effect on organisational trust. e-HRM is not just the digitalisation of the HRM system. Studies that draw on social exchange theory argue that HRM practices influence employee attitudes; in particular, employees' trust in the organisation is likely to be positively associated with their perceptions