# DENOUNCEMENTS AND PROSPECTS OF DIGITIZATION OF HUMAN CAPITAL MANAGEMENT PRACTICES IN SMALL AND MEDIUM ENTERPRISES: AN EVIDENCE BASED ANALYSIS

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***Abstract:***

*There are nearly 4.68 Crore working Micro, Small and Medium Enterprises(MSMEs) in India which are producing around 6000 varieties of products and have generated employment to 10.62 Crore people They contribute nearly 8% to GDP and 45% to manufacturing output and 40% to Indian exports(MSME Annual Report, 2012).Automotive component Industry which constitutes significant part of MSME sector in India has registered a Compound Annual Growth Rate of 18% (2009-13) with an annual turnover of USD 39.7 billion in 2013. It has a potential of USD 115 billion by 2020-21 (ACMA Annual Report, 2013).The Auto component industry, which is an integral part of the automotive sector, comprises about 500 firms in the organized sector and more than 10,000 firms in the unorganized sector and it has been one of the fastest growing segments of Indian manufacturing.It has provided direct and indirect employment to about 1.31 crore people in the country and contributes nearly 4% to GDP and 5% to industrial production.As the size of employees is growing in automotive component firms due to robust growth rate in the industry, it has become imperative for automotive firms to digitize their HCM operations so as to streamline all their operations and processes pertaining to Human Capital Management (HCM).This study attempts to evaluate the effectiveness of digitization of HCM practicesin Micro, Small and Medium Enterprises(MSME) sector with particular emphasis on Automotive Component firms through assessment of the impact of digitization on core factors like-, simplification of HCM processes, decision making, Cost, standardization, process consistency, ease of accessibility, quality, time and others. Through an exploratory analysis an endeavor was made to identify the denouements and benefits derived due to automation of HCM operations and processes.*

***Keywords:*** *Digitization, Human Capital Management, Micro, Small and Medium Enterprises, IT infrastructure*

## INTRODUCTION

Digitizationof Human Capital Management practicesis the process of converting information pertaining to organizational workforce into a digital format. In this format, information is organized into discrete units of data and can be separately addressed and processed using computers and other electronic devices. Digitizingof personnel information makes it easier to preserve, access, and share data and information. Under manual practices, documents may only be accessible to people who visit its physical location, but if the document content is digitized, it can be made available to people worldwide. As MSMEs grow and expand, theyare trending towards digitization of all processes so as to simplify data processing and to make it easily retrievable from any part of the world at any time.

MSMEs across the globe are integrating technology with theirHCM practices in order to augment production, simplify and improve processes, reduce costs or to attain competitive advantage or for competitive compliance. There are various forms of digitization. Most of the Small Business Enterprises especially Micro and Small enterprises these days prefer to subscribe to cloud computing services and use access devices to transact with the service providers. It is a novel trend and it also yields for big data analytics and facilitates significant cost reduction. However there are security issues associated with cloud computing, leading to data thefts, leakages and others to be addressed. It also leads to excessive dependence on service providers.

As a result many SME's find it affordable and convenient to invest on ERP systems and

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digital HCM applications like- Web-based Employee /Manager Self Service tools, workflow technologies, vendor management systems, applicant tracking systems, hiring management systems, employee monitoring system, e-recruitment, internal mobility tools, Performance appraisal and management software, succession planning, personnel development, career planning tools, package review software, executives and key people management tools, Payroll and compensation management applications, SAP and others. Many Small and Medium automotive firms find it affordable to use SAP (Systems, Applications Products), an integrated software technology instead of separate applications for each department. This facilitates easy maintenance. e-tool applications in HCM have enhanced productivity of the workforce, increased efficiency and effectiveness and they have also increased the accuracy and speed with which the employees perform their tasks.

Conversion of HCM data from manual to digital format allows information to be added to the knowledge management systems of the enterprise. As a result of this HR data can be integrated into the larger Enterprise Resource Planning (ERP) system. Data pertaining to the time usage of the workforce can enhance the decision making abilities of the management by allowing the HR department to form an integral aspect of strategy formation for the enterprise as a whole. Thus automation of multiple HCM activities through integrated software applications will increase organization's capabilities to manage HR in a hassle free manner, thereby enhancing its effectiveness.

Various functions that can be categorized under the HCM umbrella like payroll, compensation and benefits administration, enrollment, record keeping, employee relations, recruitment, training, retention, leave management, tax compliance , performance review, query management and survey management can be included under the Digital-Human Capital Management(D-HCM) solution. D-HCM encompasses all the technology behind each HR function and integrates everything into one simple and easy-to-use network. It streamlines record keeping and maintains competitive work force by simplifying and accelerating recruitment, training, retention and other HCM activities.

The focus of the present study is to identify the denouements and prospects due to the application of digital tools in HCM in auto-component manufacturing industry.

## SIGNIFICANCE OF THE STUDY

The D-HCM will continue to grow and all companies will eventually adopt a total technological solution to deliver HCM services and those who have already been on this path for some time will continue to expand and upgrade their systems to deliver their services better .D-HCM in automobile component manufacturing industry is an under researched area. It helps organizations in maintaining an audit log of activities, storing of documents electronically, and creation of Employee Self Service (ESS) and Manager Self Service (MSS) tools to access individual information, simplifies the processes, ensures standardization and process consistency and a lot of others. It improves security and automates control as a result of which there is an enhancement of organizational effectiveness. This study would be of immense help to companies that are ambiguous about digitization of HCM to decide in favour or against it. It would also be of significant help to the top managers of the organizations to make strategic investment decisions pertaining to the digitization of Human Capital Management practices.

## STATEMENT OF THE PROBLEM

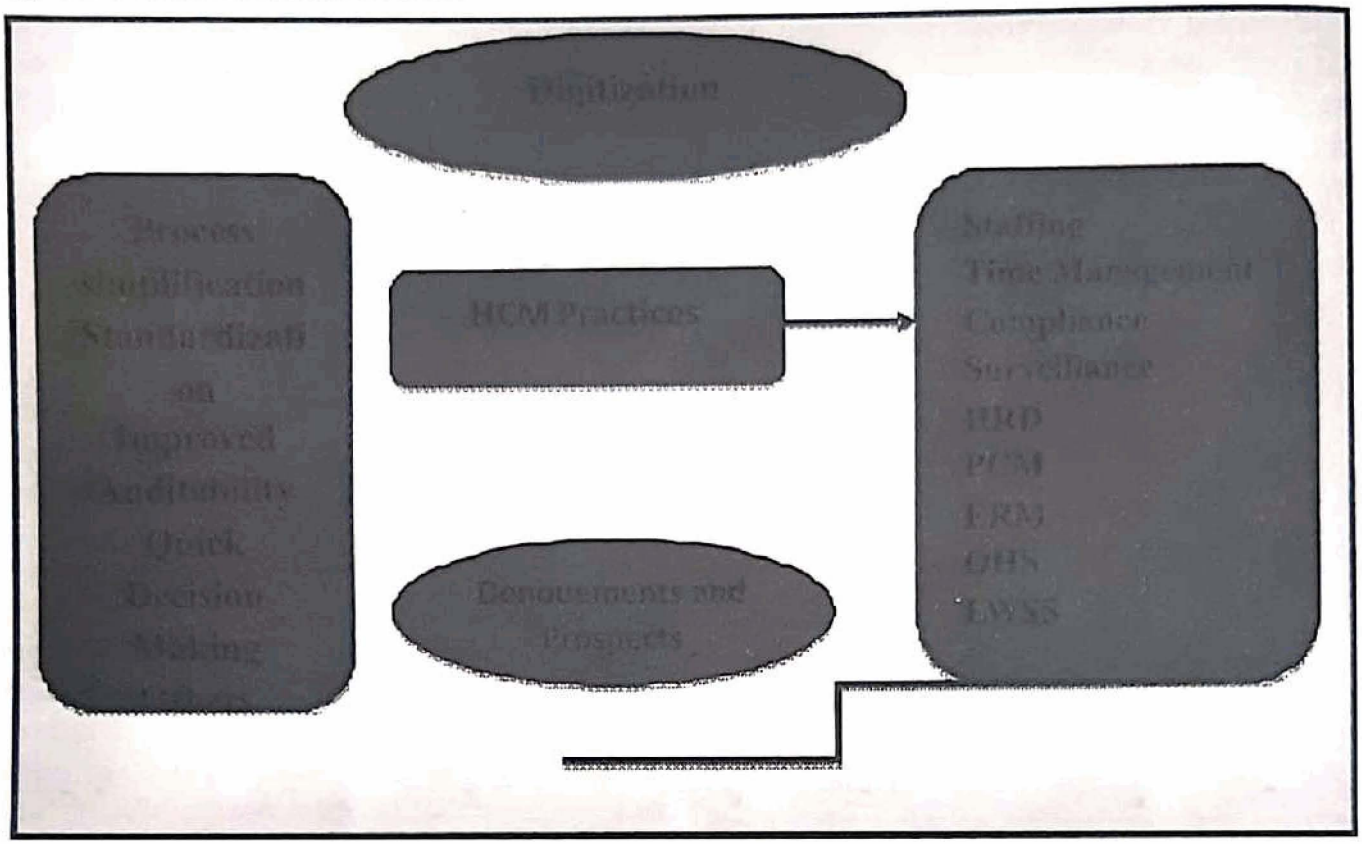
Micro Small and Medium Auto component firms are making massive investments on digitization of HCM practices. However there is a need to justify whether such massive investments are yielding positive outcomes or not, since none of the prevalent researches have

addressed this issue. An effort was made through this research to examine the implications of D-HCM practices on business outcomes through an opinion survey of HR practitioners working in the units considered for research.

**Research Context**

The context of the research is to assess the beneficial outcomes of digitization of HCM in Auto-Component industry. Research model is derived after a thorough literature survey. The research framework is based on the Technology Acceptance Model(TAM) of Davis (1981).

**Figure: 1 Research Frame work**




## 3.5 OBJECTIVES OF THE RESEARCH

Though there are several empirical studies related to the role of Human Resource Information Systems in organizations, concrete efforts to measure the denouements and prospects of digitization of HCM practices in Automobile component industry have not been made so far. Current research work is undertaken in order to realize the following objectives:

1. To determine the implications of D-HCM on process simplification and decision making
2. To evaluate D-HCM as a strategic tool for cost effectiveness and standardization.
3. To appraise the effectiveness of D-HCM on accessibility and savings relatedfactors
4. To assess the impact of D-HCM on improving the quality, saving time and other value adding factors.
5. To examine the significant outcomes of D-HCM practices, in auto component industry.

## SCOPE OF THE STUDY

The present study explores and analyzes the effectiveness of D-HCM practices on organizational performance in Automobile component manufacturing industry. The scope of the study includes 21 factors of D-HCM

reduced to four key factors -namely Simplification and Decision oriented factors,Cost effectiveness and standardization factors, accessibility and savings related factors and quality and other value adding factors. The evaluation was made based on the primary data collected through the questionnaires, e-mail surveys, observations and personal interview.

The sample units comprise of 43 HR practitioners at middle and top level management. They were chosen randomly from 43 select auto component firms located in three south Indian states of Tamil Nadu, Karnataka and Andhra Pradesh Which are known to have auto component clusters. Karnataka has 2 clusters while Tamil Nadu and Andhra Pradesh have 1 cluster each

## RESEARCH DESIGN

### Research Methodology

Exploratory and Descriptive research methods were used to realize the objectives of the research. The key objective of the research is to examine the major outcomes due to D-HCM in auto component industry, which ultimately drives them towards organizational effectiveness.

The present research is exploratory in nature. The variables (indicators of D-HCM effectiveness) such as HR productivity, length of work processes, and speed of decision making, paperless environment, information flow, quality, customer service, and time management were studied in relation to D-HCM in select automobile component manufacturing firms.

### Data Collection

### A. Primary Data:

Primary data was collected through opinion survey techniques like direct interview, structured questionnaire, e-mail survey and observation. HR managers and executives of select automobile component manufacturing firms were chosen as the target respondents.

### Research Instruments:

A Structured questionnaire was used for the present research.

### B. Secondary Data:

Secondary data was extracted from various archives like- books, company reports, e-newspapers, magazines, journals and internet search. Some of the online data bases used were: ProQuest, EBSCO, J-gate, SSRN (Social Science Research Network), Google scholar, Wiley online library, Taylor and Francis, Rout ledge, Wikipedia and other repositories.

### Sample Size and Technique:

The sample units of 43 HR practitioners were chosen from 43 select auto component companies located in Chennai, Vishakhapatnam, Audugodi, Whitefield, Electronic city and Peenya Industrial area in Bangalore city, Attibele and Jigani, industrial area Bangalore urban district, Hosur-Tamil Nadu ,Peenya, Dodballapur and Nelmangala, Bangalore rural district, Bidadi, Ramanagara district and Mysore regions. The samples were drawn from select automobile component manufacturing companies. The respondents were drawn from each of the companies identified for the study under the automobile component manufacturing industry.Sample units were drawn through simple random sampling technique.

### Statistical Tools Adopted:

Statistical techniques such as:

- Cronbach alpha test was used for reliability analysis and to check inter-item consistency and inter-item covariance. It was used to evaluate the reliability of the research instrument used for survey purpose.
- Mean, Standard Deviation, Range and other measures are used wherever necessary, especially in analyzing the various dimensions of e-HRM.
- Scatter plots and other graphical

illustrations have been used wherever appropriate.

- Factor analysis was used to reduce twenty one factors considered in the assessment of D-HCM to four factors based on their commonality .Factors were extracted using Principal Factor Axis analysis. And their extraction is depicted with the help of Scree-plot and rotation component matrix.
- Regression analysis was used to find the correlation between the dependent variable and the independent variables.

**Research Hypotheses**

**Hypotheses 1:**

Ho:Cetirus Paribus, there is no significant Correlation between D-HCM and the simplification and decision oriented factors

Ha:Cetirus Paribus, there is significant Correlation between D-HCM and the simplification and decision oriented factors

**Hypotheses 2:**

**Ho:**Cetirus Paribus, there is no significant Correlation between D-HCM and cost effectiveness and standardization related factors.

**Ha:**Cetirus Paribus, there is a significant Correlation between D-HCM and cost effectiveness and standardization related factors.

**Hypotheses 3:**

**Ho:**Cetirus Paribus, there is no significant interaction between the D-HCM and accessibility and savings related factors

**Ha:**Cetirus Paribus, there is significant interaction between the D-HCM and accessibility and savings related factors

**Hypotheses 4:**

**Ho:**Cetirus Paribus, there is no significant Correlation between D-HCM and quality and other value adding factors.

**Ha:**Cetirus Paribus, there is a significant Correlation between D-HCM and quality and other value adding factors.

**Limitations of the study**

1. Since the sample units chosen were HR practitioners, they were very busy and hence they could not give more details on the topic.
2. D-HCM is in the nascent phase in some of the auto-component firms hence the respondents were not very clear in giving their opinion.
3. The data collected is based on the personal bias and opinion of the respondents. Hence the reliability and validity of the data collected is based on the bias and prejudices of the respondents

**Analysis and Interpretation of Data**

Table-1: Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|---|---|---|
| .943 | .941 | 21 |

The reliability analysis was conducted as shown in table-1 aboveby computing the Cronbach's alpha (α) for each moderating variable used to assess the effectiveness of D-HCM. The reliability of a measure indicates the stability and consistency of the instrument used in measuring a concept and helps to assess the goodness of a measure (Sekaran, 2000). The Cronbach alpha test was conducted to ensure internal consistence and reliability between the moderating variables used to assess the concept.

The Cronbach alphas for twenty one items or independent variables used to measure the construct is 0.943 with 'α' for each score ranging between 0.936 to 0.945 indicating that the measures have acceptable internal consistency since they are much above Nunn ally's (1978) threshold of 0.70.

**Factor Analysis:**

Simple iterated factor analysis was carried out

by iterating principal axis factors with four factors by reducing the twenty one factors used to assess the D-HCM effectiveness to four factors based on their communality. As a method of extraction, a promax oblique rotation technique was used since it was found that correlation exists between the variables considered for assessment. To determine the number of factors to be extracted, both theory and information was used by running the analysis extracting different numbers of factors and seeking which number of factors yields most interpretable results.Finally four factors were extracted.

The steps involved in data reduction through factor analysis are indicated below:

## Step-I:Pre -checking Sampling adequacy through KMO and Barlette's test of Sphericity.

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .697 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 860.844 |
| | Df | 210 |
| | Sig. | .000 |

Kaiser-Meyer-Olkin test was conducted to ensure the adequacy of sampling size for factor analysis. In table-2,since KMO is 0.697 which is above the threshold limit of 0.6 the sampling size is found to be adequate. Barlett's test of Sphericity with sig. value of .000 shows that the sampling adequacy is significant at 99 percent confidence level.

## Step-II: Extraction Method, Principal factor axis.

| | Initial | Extraction |
|---|---|---|
| Ensures Process Consistency and standardization | .854 | .736 |
| Facilitates Quick Learning and Adaptability to Environmental Changes | .844 | .735 |
| Saves Expenses on Manpower | .908 | .750 |
| Develops Unique and Specialized Personnel | .830 | .551 |
| Facilitates Creation of Better Work Environment | .950 | .768 |
| Augments Employee Productivity | .958 | .868 |
| Facilitates scalability and auditability | .979 | .761 |
| Technology has improved prodution quality | .984 | .798 |
| Has enhanced competencies of workforce | .897 | .735 |
| Production Planning has Becomes Simpler | .896 | .778 |
| Has improved Occupational Health and Saftey Process | .850 | .700 |
| Enables Easy Access to Knowledge and Information | .754 | .477 |
| Saves Cycle Time of all Activities | .907 | .404 |
| Ensures Quick Decision Making | .795 | .659 |
| Facilitates Identification of Training and Development Needs of Workforce | .905 | .747 |
| Facilitates strategy formulation | .926 | .773 |
| Useful for statutory compliances | .796 | .681 |
| Reduces Paper Work | .693 | .419 |
| Enhances Quality of Workforce | .729 | .516 |
| Ensures Effective Auditability of all functional Activities | .771 | .582 |
| Has improved decision Making capabilities and predictability | .723 | .581 |

Extraction Method: Principal Axis Factoring.

**Step-III: Extraction** - The values in extraction column in Table-3 aboveindicate the proportion of each variable's variance that can be explained by the retained factors. Variables with high values are well represented in the common factor space, while variables with low values are not well represented. Later factors are grouped on the basis of their Communalities in proportion of each variable's variances due to underlying latent factors.

With principal factor axis factoring, the initial values on the diagonal of the correlation matrix are determined by the squared multiple correlation of the variable with the other variables.

**Figure-2: Scree Plot**

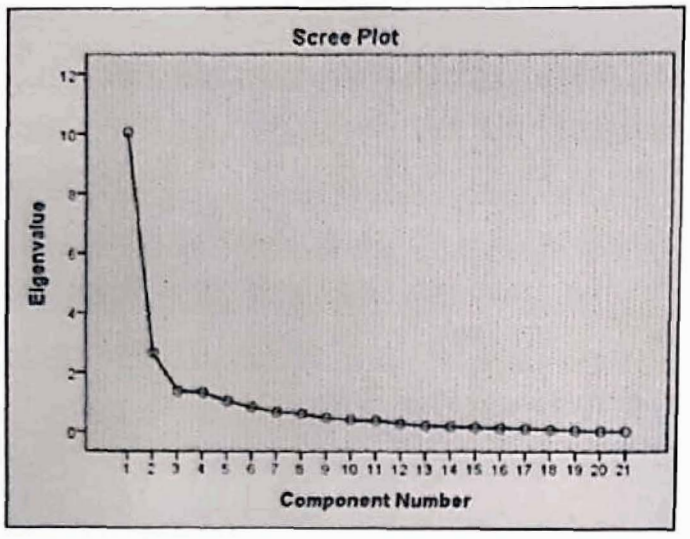
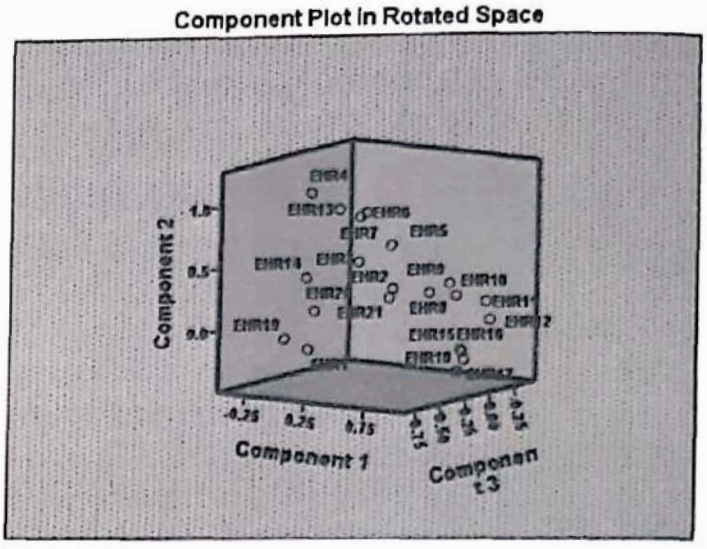



**Figure-3: Component Plot in Rotated Space**




**Step-IV:**Scree plot in **Figure-2 graphically** displays the Eigen values for each factor and suggests that 4 factors are prominent since they have Eigen values more than one.

The **rotated component matrix in Figure-3 above** shows as to how the factors are loaded around the components extracted through principal factor axis analysis based on their communalities. Most of the factors are highly loaded on to the first component which is decision–oriented.

**Table-4: Component Correlation Matrix**

| Component | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| 1 | 1.000 | .572 | .192 | .452 |
| 2 | .572 | 1.000 | .257 | .526 |
| 3 | .192 | .257 | 1.000 | .126 |
| 4 | .452 | .526 | .126 | 1.000 |

Extraction Method: Principal Component Analysis.
Rotation Method: Promax with Kaiser Normalization.

The component correlation matrix indicates a four factor solution as evident in the data above in **Table-4.** Items comprising simplification and decision related factors, cost and standardization related factors, and quality and value adding factors related factors and accessibility and savings factors appear to be grouping relatively based on their communalities. . The Eigen values for factors 1, 2, 3 and 4 are shown above and those factors that have Eigen values greater than one have been extracted as components as shown above in table-4 and figure-2.

**Table-5: Descriptive Statistics**

| Digital Practices in HCM | Mean | Std. Deviation | Minimum | Maximum |
|---|---|---|---|---|
| Has improved decision Making capabilities and predictability | 3.81 | .664 | 1 | 5 |
| Ensures Process Consistency and standardization | 4.05 | .844 | 3 | 5 |
| Facilitates Quick Learning and Adaptability to Environmental Changes | 3.93 | .961 | 2 | 5 |
| Saves Expenses on Manpower | 4.37 | .757 | 3 | 5 |
| Develops Unique and Specialized Personnel | 3.93 | 1.009 | 2 | 5 |
| Facilitates Creation of Better Work Environment | 3.98 | .771 | 2 | 5 |
| Augments Employee Productivity | 3.95 | .785 | 2 | 5 |
| Facilitates scalability and auditability | 3.84 | 1.233 | 1 | 5 |
| Technology has improved prodution quality | 3.95 | 1.133 | 1 | 5 |
| Has enhanced the competencies of workforce | 3.72 | 1.120 | 1 | 5 |
| Simplifies Planning | 3.93 | 1.163 | 1 | 5 |
| Improves OH &S | 3.91 | 1.087 | 1 | 5 |
| Easy Access to Info | 4.26 | .790 | 2 | 5 |
| Saves Cycle Time | 4.21 | .773 | 2 | 5 |
| Quickens Decision Making | 3.81 | 1.118 | 1 | 5 |
| Facilitates TNA | 3.86 | 1.125 | 1 | 5 |
| Facilitates strategy formulation | 3.95 | 1.045 | 1 | 5 |
| Useful for statutory compliances | 3.72 | 1.076 | 1 | 5 |
| Reduces Paper Work | 4.37 | .846 | 2 | 5 |
| Enhances Quality of Workforce | 4.19 | .699 | 2 | 5 |
| Ensures Effective Auditability | 4.07 | .669 | 3 | 5 |

**Table-5** indicates the descriptive statistics for each of the factors which constitute the denouements of digitization of HCM. It has been discussed in detail under summary of findings.

**Hypotheses 1: $H_0$:** Cetirus Paribus, there is no significant Correlation between D-HCM and the simplification and decision oriented factors

Table-6: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .410[a] | .168 | .148 | .661 |

a. Predictors: (Constant), Simplicity and Decision-Oriented Factors

Table-7:Coefficients[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.952 | .464 | | 4.212 | .000 |
| | Simplicity and Decision-Oriented Factors | .336 | .117 | .410 | 2.881 | .006 |

a. Dependent Variable: No. of firms Adopting DHCM

The results of the regression analysis in Table - 7&8 above does not support the hypothesis -1 stated above and hence it is not s accepted. The standard beta coefficient is 0.336. The significance level is 0.00 for the independent variable D-HCM practices indicating that adoption of D--HCM practices has enhanced the decision making capabilities in HCM and has simplified HCM processes in auto-component firms. The positive relation between the dependent and independent variable is significant at 99 percent confidence level as indicated by ($P<0.01$)

**Hypotheses 2:**

Ho:Cetirus Paribus, there is no significant Correlation between D-HCM and cost effectiveness and standardization related factors.

Table-8:Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .328[a] | .108 | .086 | .684 |

a. Predictors: (Constant), Cost and Standardization - Oriented Factors

Table-9:Coefficients[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.999 | .574 | | 3.482 | .001 |
| | Cost and Standardization - Oriented Factors | .316 | .142 | .328 | 2.225 | .032 |

a. Dependent Variable: No. of firms Adopting DHCM

The results of the regression analysis in Tables 8 and 9 above does not support the null hypothesis-2 stated above and hence it is not accepted. The standard beta coefficient is 0.316. The significance level is 0.01 for the independent variable D-HCM practices indicating that adoption of D-HCM practices has significantly facilitated standardization of HCM practices and has also contributed immensely to the reduction of various HCM costs. The positive relation between the dependent and independent variable is significant at 99 percent confidence level as indicated by ($P<0.01$).

**Hypotheses 3:**

Ho:Cetirus Paribus, there is no significant interaction between the D-HCM and accessibility and savings related factors.

Table-10:Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .020[a] | .000 | -.024 | .724 |

a. Predictors: (Constant), Accessibility and Savings related Factors

Table-11:Coefficients[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.162 | .758 | | 4.173 | .000 |
| | Accessibility and Savings related Factors | .022 | .175 | .020 | .125 | .901 |

a. Dependent Variable: No. of firms Adopting DHCM

The results of the regression analysis in Table 10& 11abovedoes not support the hypothesis-3 stated above and hence it is not accepted. The standard beta coefficient is .022. The significance level is 0.00 for the independent variable D-HCM practices indicating that digitization of HCM practices has significantly enhanced the ease of accessing information and significantly saves time and expenses on HCM.Practices. The positive relation between the dependent and independent variable is significant at 99 percent confidence level as indicated by ($P<0.01$)

**Hypotheses 4: $H_0$:** Cetirus Paribus, there is no significant Correlation between D-HCM and quality and other value adding factors.

Table-12:Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .161[a] | .026 | .002 | .715 |

a. Predictors: (Constant), Quality and other Value Adding Factors

Table-13:Coefficients[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.383 | .843 | | 2.827 | .007 |
| | Quality and other Value Adding Factors | .212 | .203 | .161 | 1.045 | .302 |

a. Dependent Variable: No. of firms Adopting DHCM

The results of the regression analysis in Table 12 and 13 does not support the hypothesis 4 stated above and hence it isnot accepted. The standard beta coefficient is 0.212. The significance level is 0.007 at $\alpha$=0.01 for the independent variable D-HCM practices indicating that D-HCM practices have significantly increased quality of HCM activities and other value adding activities.. The positive relation between the dependent and independent variable is significant at 99 percent confidence level as indicated by (P<0.01)

**Figure-4: Partial Regression Plots**

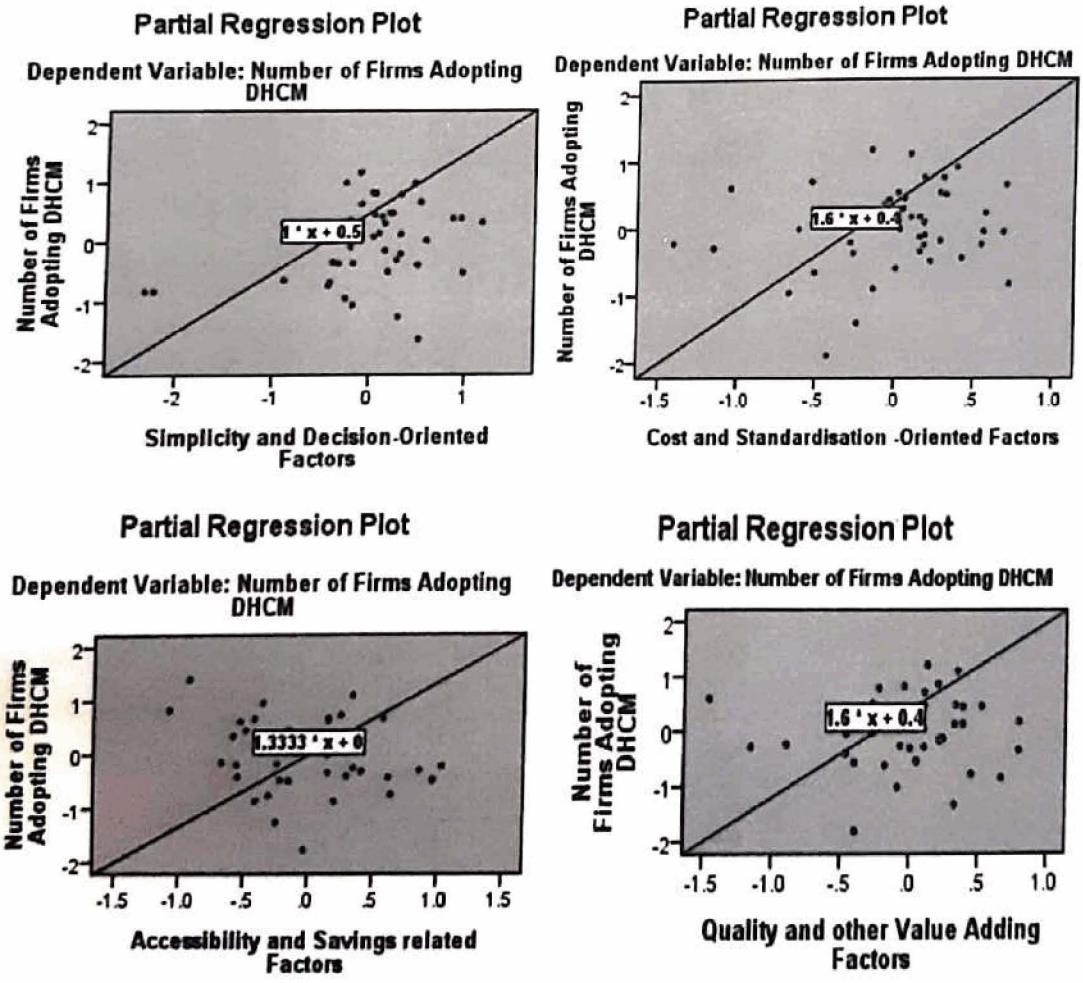


Figure-4 above shows the partial regression plots for depicting the strength and direction of association between the dependent variable D-HCM practices and independent factors like simplicity and decision oriented factors, cost effectiveness and standardization factors, accessibility and savings related factors and quality and other value adding factors.

**Summary of Findings**

- Digitization of HCM practices has significantly improved decision making capabilities and predictability (Mean Score-3.81 at Min-1 and Max-5).
- Technology integration has ensured process consistency and standardization of all HR processes and practices in auto-component firms (Mean Value-4.05 at Min-1 and Max-5).
- Adoption of digital practices has facilitated quick learning and adaptability to environmental changes (Mean Value-3.93).
- Digitization has saved expenses on manpower (Mean Value-4.37).
- D-HCM has helped to develop unique and specialized personnel (Mean-3.93).
- Employment of digital applications in HCM has helped in the creation of better work environment (3.98).
- Technology integration has augmented productivity of workforce and enhanced the quality of production (Mean Values-3.95 and 3.95 respectively).
- D-HCM has improved occupational health and safety and has enabled easy access to employee related information (Mean-3.93 and 3.91 respectively).
- Cycle time of all HCM activities has been reduced in automotive component firms (Mean-4.26).
- D-HCM facilitates in - strategy formulation, identification of training needs of employees and is also useful for statutory compliances (Mean-3.86, 3.81 and 3.95 respectively).
- Quick decision making, paper work reduction, enhancement in the quality of workforce , effective auditability are other benefits derived through D-HCM ( Mean-Values- 4.21, 3.72, 4.37 and 4.19).
- D-HCM applications are found to be susceptible to data security threats like data compromise, data loss and data thefts.
- Some of the small and medium firms were frequently bothered by technical snarls and hence they were maintaining both manual HR records and electronic version of it.
- Smaller firms could not afford to purchase integrated HR packages due to high cost. They were mostly using simple standalone applications.
- Some of the HR practitioners did not have clarity on the auditability of e-HR practices.

**Suggestions**

- ❖ Web 2.0 technologies are not used as an effective source for HCM in auto-component industry. It should be used extensively for greater gains.
- ❖ Many of the firms were found to be resorting to outsourcing of some routine HCM processeslike recruitment, training and development.Auto-component firms

can reduce their HCM costs to a greater extent in the long run if they invest on purchase of such digital applications and manage them in-house.

- By investing on automation of HCM operations firms can reduce the cycle-time further.

- Basic information technology applications are used for HCM in auto-component firms. They may start employing advanced tools to ensure greater benefits of digitization.

- Most of the auto-component firms are using basic and stand-alone front-end applications in HR; they should try to use integrated packages like Oracle People soft, SAP_ PM Suite and other integrated applications to reap full benefits of automation.

- Security threats are serious issues to be addressed in digitization. Auto-component firms should ensure that they adopt adequate security measures to avoid data thefts and data losses of any kind.

- They should also appoint Data Base Administrator to take care of data management and security issues.

- The Human Capital may be given adequate training about the importance of streamlining HCM practices as it would greatly contribute to organizational performance.

- The HR practitioners should be sensitized about the security threats and issues involved in digital data transfers and about the measures to be adopted to prevent and overcome them.

**Conclusion**

Digitization of HCM practices can lead to innumerable efficiency gains if they are utilized effectively. Though it is in the nascent phase in the auto-component industry, still the firms are able to attain efficiency gains in terms of reduced cost, saved time, and simplified processes, maintenance of consistence, standardization, increased auditability of recruitment practices and a few others like increased average applicant volume per vacancy. Few of the firms considered for survey were found to be more focused on reducing production cost through automation of production process rather than automation of HR practices. That is the reason why auto-component firms have not been able to fully realize the benefits of digitization .The efficiency gains that they have attained now can only be rated as partial compared to other sectors of the economy like Information Technology ,BPOs and KPOs. Hence it is highly recommended that the auto-component firms should make best use of digital applications to attain greater efficiency gains.

D-HCM has made remarkable strides in auto-component industry. Though the firms are employing very basic tools and applications ofD-HCM, they are able to enhance their performance by means of reduced task-time and cost, quickened pace of learning, employee motivation and employee engagement, quick decision making, enhanced quality of workforce and several other positive outcomes

This empirical study provides ample evidence to justify the rationale behind massive investments on D-HCM. If the firms under study have derived noteworthy benefits through simple and basic D-HCM applications in addition to their conventional HR practices, then they'll surely be able to derive mindboggling benefits by investing on advanced applications .

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