The Need And Urgency of Human Resource Information System (HRIS) on MSMEs in Indonesia: A Literature Study

Sutikman[1], Dhieka Avrilia Lantana[2], Kumba Digdowiseiso[3]
Faculty of Economics and Business, National University, Jakarta[123]
E-mail: kumba.digdo@civitas.unas.ac.id

Abstract.
Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the Indonesian economy but often face challenges in managing human resources. In this context, Human Resource Information Systems (HRIS) emerge as a potential solution to overcome this problem by automating various administrative and HR management tasks. This research aims to summarize literature studies related to the need and urgency of using HRIS in MSMEs in Indonesia. This research uses a literature study approach to analyze journals, books, and research reports that are relevant in the context of HRIS and MSMEs in Indonesia. The results of the literature study show that MSMEs in Indonesia have various needs that can be met through the use of HRIS, including operational efficiency, better employee management, regulatory compliance, and enhanced *competitiveness*. The urgency of HRIS is reflected in increasing productivity, reducing administrative burdens, and improving the quality of HR management. This literature study confirms the importance of HRIS in supporting MSMEs in Indonesia in managing human resources more efficiently. The use of HRIS not only meets the current needs of MSMEs but also prepares them to compete in an increasingly complex and digital business environment. Therefore, implementing HRIS is a strategic step that needs to be considered by MSMEs in Indonesia to achieve sustainable growth.

Keywords: HRIS, Needs, Urgency, MSMEs, Indonesia

1. Introduction

The characteristics of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia exhibit their substantial economic contribution to the nation. Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the generation of employment opportunities, alleviation of poverty, and promotion of inclusive economic development. The presence of micro, small, and medium enterprises (MSMEs) in Indonesia is highly prevalent, with a significant quantity exceeding tens of millions of businesses dispersed throughout the entirety of the nation. Micro, small, and medium enterprises (MSMEs) function across diverse sectors, including trade, services, manufacturing, agriculture, and other sectors (Baswardono et al., 2019). Nevertheless, a significant number of micro, small, and medium enterprises (MSMEs) continue to encounter obstacles pertaining to their ability to obtain capital, access advanced technology, and enter markets. A significant proportion of micro, small, and medium enterprises (MSMEs) function at a relatively modest scale, characterized by constraints in both working capital and equipment resources.

The Indonesian government has implemented measures to facilitate the growth and advancement of micro, small, and medium enterprises (MSMEs). Initiatives such as the People's Business Credit (KUR) program and entrepreneurship training have been implemented to assist micro, small, and medium enterprises (MSMEs) in overcoming challenges related to capital accessibility and enhancing their competencies. In addition to this, the advent of digital platforms and online markets has presented MSMEs with novel avenues to expand the reach of their product marketing endeavors (Rohmat & Nuriyah, 2023). Nevertheless, micro, small, and medium enterprises (MSMEs) in Indonesia encounter various obstacles. Several challenges faced by micro, small, and medium enterprises (MSMEs) include intricate bureaucratic issues, regulations that may not consistently facilitate their growth, and limited access to suitable technology and infrastructure. Furthermore, the COVID-19 pandemic has exerted an additional burden on micro, small, and medium enterprises (MSMEs), leading to economic adversity for numerous businesses of smaller scale.

In recent years, there has been a growing interest from the government, non-government organizations, and the private sector in Indonesia towards Micro, Small, and Medium Enterprises (MSMEs) as a means to address a range of challenges. The objective of this endeavor is to enhance the competitiveness, productivity, and overall contribution of micro, small, and medium enterprises (MSMEs) to the domestic economy. According to Rohmat and Nuriyah (2023), it is argued that with adequate support, micro, small, and medium enterprises (MSMEs) in Indonesia possess significant potential for sustained growth and advancement. Furthermore, it is posited that these enterprises have the capacity to generate employment opportunities and contribute to a more inclusive form of economic development.

There is a growing recognition among micro, small, and medium enterprises (MSMEs) in Indonesia regarding the significance of implementing a Human Resource Information System (HRIS) to effectively manage various aspects of their human resources. Despite the relatively smaller scale of micro, small, and medium enterprises (MSMEs) in comparison to large corporations, the adoption of Human Resource Information Systems (HRIS) can yield substantial advantages in terms of enhancing operational efficiency, productivity, and competitiveness. The utilization of Human Resource Information Systems (HRIS) is beneficial

for Micro, Small, and Medium Enterprises (MSMEs) in enhancing the management of employee data, payroll, training, and personnel administration. By leveraging HRIS, MSMEs can achieve increased efficiency in these areas, leading to a reduction in administrative workload and a mitigation of human error when handling crucial data (Sumantri et al., 2023).

The utilization of HRIS also enables Micro, Small, and Medium Enterprises (MSMEs) to effectively monitor and evaluate employee performance, identify areas for training and development, and strategically plan human resource development initiatives. In the context of the contemporary digital landscape and intensifying market competition, the utilization of Human Resource Information Systems (HRIS) has emerged as a crucial instrument for Micro, Small, and Medium Enterprises (MSMEs) to effectively harness and optimize the potential of their human capital. By leveraging HRIS, MSMEs can enhance their operational efficiency, adaptability, and overall performance within a dynamic marketplace, thereby enabling their sustained survival and growth (Rohmat & Nuriyah, 2023). Although there may be certain challenges to overcome, such as cost implications and the integration of technology, the adoption of Human Resource Information Systems (HRIS) can prove beneficial for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. This investment can contribute to their long-term success and enable them to effectively address the growing complexity of their business requirements.

A Human Resource Information System (HRIS) is a computer-based system that is purposefully developed to effectively handle and organize data and information pertaining to the management of human resources within an organization or company. The Human Resource Information System (HRIS) plays a crucial role in facilitating multiple facets of HR management, encompassing recruitment, training, payroll, performance management, personnel administration, and HR data analysis (Baswardono et al., 2019).

In the realm of Human Resource Information Systems (HRIS), pertinent employee information, including but not limited to work history, personal details, work experience, educational credentials, and other relevant data, can be readily and expeditiously accessed. This system facilitates the efficient management of HR data within organizations, mitigating the potential for human error and empowering HR managers to make informed decisions through the utilization of precise and reliable data. In addition to its primary functions, HRIS offers supplementary advantages, including the provision of online access for employees to their personal information, the ability to request leave, and the accessibility of salary data. Furthermore, the utilization of Human Resource Information Systems (HRIS) can assist organizations in adhering to relevant labor and tax regulations, while also enabling more effective HR budget planning and management (Sumantri et al., 2023).

The HRIS (Human Resource Information System) plays a crucial role in enhancing efficiency, transparency, and accuracy in human resource management. Additionally, it supports the overall growth and development of the organization. The objective of this study is to acquire comprehensive insights into the necessity and immediacy of implementing the Human Resource Information System (HRIS) within Micro, Small, and Medium Enterprises (MSMEs) in Indonesia.

2. Research Methods

The composition of this literature review entails the systematic examination of pertinent online information sources in order to address the formulated problem. The data was acquired by conducting searches in both national and international academic journals published from 2013 to 2023. Electronic databases including Pubmed, Google Scholar, and Scimago were utilized for this purpose. The search was conducted using specific keywords such as e-learning, innovation, and education. In the context of this literature review, scholars ascertain patterns, discoveries, areas of limited understanding, and pre-existing concepts within the pertinent body of literature. The primary objective is to acquire a comprehensive comprehension of the theoretical underpinnings of a subject, acknowledge recent advancements in research, and elucidate the significance of research within a broader framework (Abdillah, 2021).

The initial step in conducting a literature review entails the establishment of precise and unambiguous research inquiries that will serve as a framework for the subsequent literature search. Subsequently, the researcher proceeded to perform a comprehensive literature search utilizing diverse sources, including research databases, university libraries, and other scholarly outlets, employing relevant keywords. After the identification of pertinent literature sources, the subsequent phase involves the selection process, wherein the researcher chooses the most pertinent and high-caliber literature to incorporate into the review. Subsequently, the researcher engaged in a rigorous process of critical examination and evaluation of the chosen literature, with a focus on identifying significant discoveries, patterns, and pertinent conceptual frameworks. The ultimate stage entails the compilation of the literature review itself (Surani, 2019).

3. Results and Discussion

3.1. Results

The significance of the Human Resource Information System (HRIS) within the Micro, Small, and Medium Enterprises (MSMEs) sector in Indonesia is a crucial aspect to comprehend when examining the role of HRIS in the context of MSMEs within this nation. The findings of this study demonstrate that micro, small, and medium enterprises (MSMEs) in Indonesia encounter substantial difficulties in effectively managing their human resources. In response to this issue, the implementation of Human Resource Information Systems (HRIS) has emerged as a promising solution. The findings of the study shed light on the diverse requirements of micro, small, and medium enterprises (MSMEs) in relation to human resource management. These needs encompass several aspects such as the recording of attendance, payroll management, performance evaluation, and employee training (Sawitri et al., 2023). This research underscores the imperative of employing Human Resource Information Systems (HRIS) to automate administrative tasks, with a particular focus on enhancing operational efficiency and productivity within Micro, Small, and Medium Enterprises (MSMEs). Furthermore, this study offers valuable insights into the beneficial effects of employing Human Resource Information Systems (HRIS) in enhancing HR management practices within Micro, Small, and Medium Enterprises (MSMEs). According to Chandra Suci et al. (2021), the findings of this study offer valuable insights that can serve as a robust basis

for the establishment and execution of Human Resource Information Systems (HRIS) tailored to the specific requirements of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Ultimately, the integration of such systems is expected to contribute to the advancement and enhanced competitiveness of the MSME sector within the Indonesian economy.

The utilization of Human Resource Information Systems (HRIS) within the context of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia yields a multitude of noteworthy advantages. The utilization of Human Resource Information Systems (HRIS) enhances the efficiency of human resource management through the automation of labor-intensive administrative responsibilities, including payroll processing, attendance tracking, and performance evaluation. This practice effectively decreases the burden of administrative tasks, enabling human resources teams to allocate their efforts toward strategic endeavors that contribute to the expansion of the business. The utilization of Human Resource Information Systems (HRIS) facilitates small and medium-sized enterprises (MSMEs) in obtaining efficient and prompt access to precise employee data. Consequently, this aids in enhancing decision-making processes pertaining to team development, training initiatives, and resource allocation. The utilization of Human Resource Information Systems (HRIS) assists Micro, Small, and Medium Enterprises (MSMEs) in ensuring adherence to relevant labor and tax regulations, thereby mitigating legal risks and potential financial penalties. The implementation of a Human Resource Information System (HRIS) has been found to enhance overall operational efficiency, thereby potentially resulting in cost reductions and heightened productivity. According to Hartini (2020), the utilization of Human Resource Information Systems (HRIS) enables Micro, Small, and Medium Enterprises (MSMEs) to enhance their competitive advantage within a highly competitive market. This is achieved through the efficient management of human resources, the enhancement of employee service quality, and the facilitation of sustainable business growth. In the context of the rapid expansion of micro, small, and medium enterprises (MSMEs) in Indonesia, the utilization of Human Resource Information Systems (HRIS) is not only imperative but also serves as an efficient mechanism for enhancing operational efficiency and attaining a competitive edge.

The implementation of Human Resource Information Systems (HRIS) within Micro, Small, and Medium Enterprises (MSMEs) has resulted in notable transformations in the manner in which these enterprises handle their human resource management. According to Candra Susanto and Enoch Parmenas (2021), HRIS offers a contemporary approach that streamlines a range of administrative tasks that were previously labor-intensive. These tasks include but are not limited to attendance tracking, payroll processing, employee data management, and HR reporting. The utilization of Human Resource Information Systems (HRIS) enables Micro, Small, and Medium Enterprises (MSMEs) to promptly retrieve precise and current employee information. This facilitates managers and business proprietors in making more informed and expedient decisions. Furthermore, this feature enables Micro, Small, and Medium Enterprises (MSMEs) to strategically organize and schedule employee training sessions, effectively identify areas for team development, and enhance the monitoring of employee performance in a more streamlined and effective manner.

Furthermore, the utilization of Human Resource Information Systems (HRIS) enhances the adherence of Micro, Small, and Medium Enterprises (MSMEs) to relevant labor and tax legislations, thereby mitigating legal liabilities and potential monetary penalties. This

facilitates the preservation of business operations for Micro, Small, and Medium Enterprises (MSMEs). The significance of HRIS is further demonstrated by its ability to enhance overall operational efficiency, resulting in cost reductions and heightened productivity (Sunandar & Septanto, 2023). Through the implementation of strategies aimed at minimizing administrative burdens and enhancing the efficiency of human resources (HR) processes, micro, small, and medium enterprises (MSMEs) can effectively adapt to market fluctuations with greater agility and gain a competitive edge within the progressively fierce business landscape. In the current digital era and amidst ongoing digital transformation, the utilization of Human Resource Information Systems (HRIS) has become imperative for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. HRIS serves not only as a necessity but also as a strategic instrument that facilitates the expansion and long-term viability of these enterprises.

3.1. Discussion

The need for using HRIS (Human Resource Information System) in MSMEs in Indonesia

The utilization of Human Resource Information Systems (HRIS) within Micro, Small, and Medium Enterprises (MSMEs) in Indonesia holds significant importance in enhancing human resource management (HR). Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the Indonesian economy, serving as a significant pillar. However, these entities frequently encounter a range of obstacles when it comes to effectively managing their workforce. The significance of implementing Human Resource Information Systems (HRIS) for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia is underscored by several crucial factors, as highlighted by Farhani (2022):

1. **Employee Data Management**. HRIS allows MSMEs to manage employee information, including personal data, work history, training, and performance. This helps in maintaining accurate and up-to-date records.
2. **Payroll and Taxes**. HRIS can automate payroll processes and tax calculations, which reduces human error and ensures that payroll and tax payments run smoothly.
3. **Attendance Management**. This system can help MSMEs track employee attendance and manage leave, permits, and absences more efficiently.
4. **Employee Training and Development.** HRIS enables MSMEs to plan and track employee training, assisting in the development of necessary competencies.
5. **Performance Monitoring.** MSMEs can use HRIS to evaluate employee performance, provide feedback, and plan career development.
6. **Legal and Regulatory Compliance.** HRIS helps MSMEs comply with applicable labor and tax regulations, which can avoid potential legal problems.
7. **HR Data Analysis.** With HRIS, MSMEs can collect valuable HR data to make better strategic decisions regarding business growth and development.
8. **Ease of Data Access.** HRIS allows easy access to HR data from anywhere, which is especially important when MSME managers or owners need to make quick decisions.
9. **Operational Efficiency.** HRIS can reduce the administrative burden associated with HR management, allowing HR employees and managers to focus on more strategic tasks.
10. **Work-Life Balance.** With HRIS, MSMEs can be more flexible in managing work schedules, leave, or remote work, which can improve the balance between employees' work life and personal life.

In general, the utilization of Human Resource Information Systems (HRIS) holds significant value in facilitating the enhancement of productivity, efficiency, and quality of human resource management within Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. In the contemporary digital landscape, the utilization of Human Resource Information Systems (HRIS) has transitioned from being discretionary to becoming an imperative strategic measure. This shift is driven by the need to facilitate the expansion and enduring viability of Micro, Small, and Medium Enterprises (MSMEs) within a progressively competitive market environment.

The Urgency of Using HRIS (Human Resource Information System) in MSMEs in Indonesia

The utilization of the Human Resource Information System (HRIS) within Micro, Small, and Medium Enterprises (MSMEs) in Indonesia holds considerable importance and exhibits a strong correlation with the enhancement of human resource management (HR) practices and the facilitation of business expansion. The significance of utilizing Human Resource Information Systems (HRIS) for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia is underscored by several reasons, as identified by Wibowo and Indiyati (2023):

1. **Increase Operational Efficiency.** HRIS helps automate many administrative tasks related to HR, such as attendance recording, payroll, and performance management. This reduces time- and resource-consuming administrative burdens, allowing MSMEs to focus more on core operations and business growth.

2. **Improved Data Accuracy.** HRIS minimizes the potential for human error in managing HR data. Accurate data helps in making better decisions and complying with applicable legal regulations.

3. **More Effective HR Management.** HRIS provides the tools necessary to manage employee performance, provide feedback, plan training, and identify areas for improvement. This has a positive impact on employee productivity and retention.

4. **Faster and Accurate Reporting.** HRIS allows MSMEs to produce HR reports quickly and accurately, which can be used for monitoring, evaluation, and strategic planning.

5. **Compliance with Policies and Regulations.** With HRIS, MSMEs can more easily comply with applicable labor regulations, taxation, and other provisions. This reduces legal risks and fines that may arise from non-compliance.

6. **Data-Supported Decision Making.** HRIS collects data that can be used to analyze HR trends and guide strategic decision-making. This helps MSMEs plan business development and better resource allocation.

7. **Flexibility in Employee Management.** With HRIS, MSMEs can more easily manage work schedules, leave, and remote work. This creates a more flexible and engaging work environment for employees.

8. **Higher Competitiveness.** MSMEs that adopt HRIS have the potential to compete better in an increasingly competitive market. MSMEs can focus efforts on innovation, customer service, and business growth rather than administrative issues.

9. **Business Growth Capabilities.** With HRIS, MSMEs can more effectively manage business growth, including recruiting and team development. This makes it possible to take advantage of growth opportunities.

10. **Improving Employee Service Quality.** With better HR management through HRIS, MSMEs can create a better work environment, increase employee satisfaction, and support good workforce retention.

In the context of the contemporary digital landscape and the intensifying global competition, it is imperative to recognize that Human Resource Information Systems (HRIS) assume a pivotal role in guaranteeing the competitive edge, sustainability, and adaptability of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia (Fajari Illahiah & Mellita, 2023).

4. Conclusion

The utilization of the Human Resource Information System (HRIS) within the context of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia signifies the significant role played by HRIS in enhancing operational efficiency, facilitating effective human resource management, and bolstering the competitive edge of MSMEs. Based on an examination of diverse literature sources, it becomes apparent that micro, small, and medium enterprises (MSMEs) in Indonesia encounter a range of obstacles when it comes to effectively overseeing their workforce. These challenges encompass laborious administrative duties and the need to adhere to progressively intricate regulatory frameworks. The utilization of Human Resource Information Systems (HRIS) has demonstrated its efficacy in automating these operational activities, thereby allowing Micro, Small, and Medium Enterprises (MSMEs) to conserve time and resources, enhance the precision of data, and facilitate improved decision-making processes. In addition to this, the utilization of Human Resource Information Systems (HRIS) also facilitates the adherence of Micro, Small, and Medium Enterprises (MSMEs) to labor and tax regulations, thereby mitigating potential legal liabilities.

The importance of utilizing Human Resource Information Systems (HRIS) is further demonstrated by its positive impact on productivity enhancement, enhancement of employee service quality, and the competitive advantage it provides to Micro, Small, and Medium Enterprises (MSMEs) in a highly competitive market. In the Indonesian context of fostering the growth of Micro, Small, and Medium Enterprises (MSMEs), the adoption of Human Resource Information Systems (HRIS) is deemed imperative and serves as a pivotal strategy to facilitate sustainable business expansion. This conclusion emphasizes the significance of allocating resources towards HRIS technology in order to guarantee the ability of MSMEs to adapt to the evolving digital landscape of the business environment and enhance their competitive edge. The utilization of Human Resource Information Systems (HRIS) offers numerous advantages for Micro, Small, and Medium Enterprises (MSMEs). These benefits encompass the automation of administrative tasks, enhancement of operational efficiency, and reduction of expenses. Micro, Small, and Medium Enterprises (MSMEs) that employ Human Resource Information Systems (HRIS) have the potential to enhance their HR management practices and attain improved growth outcomes.

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