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Article

# Value Creation: From Administrative Burden to Strategic Asset: A Qualitative Study of HRIS Integration and Performance in UK SMEs

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## Abstract

Against the backdrop of rapid digital acceleration and a tightening UK labor market, Small and Medium-sized Enterprises (SMEs) are increasingly pressured to move beyond manual administrative processes to bridge the national "productivity gap." While digital transformation is often framed within a large corporate context, this research investigates the specific role of Human Resource Information Systems (HRIS) in driving operational efficiency and strategic performance within resource-constrained SME environments. This study aims to evaluate how HRIS integration transforms HR functions from an administrative burden into a strategic asset, while identifying the unique implementation hurdles and performance outcomes experienced by resource-constrained UK firms (Johnson et al., 2022). This study adopts an interpretivist, qualitative approach to examine how HRIS integration transforms HR functions from administrative burdens into strategic assets. Data were collected through semi-structured interviews with 12 HR managers across the hospitality, retail, and recruitment sectors, and analysed using thematic analysis. The findings reveal a three-stage, non-linear process of value creation: (1) administrative liberation through automation, (2) strategic visibility via data-driven insights, and (3) digital friction arising from cultural and technical barriers. While HRIS enhances operational efficiency and decision-making capability, its strategic impact is contingent upon organisational readiness, particularly digital literacy and change management practices. This study contributes to the HRIS literature by introducing "digital friction" as a critical mediating construct, demonstrating that value creation in SMEs is an iterative and context-dependent process rather than a linear implementation. For practitioners, the study provides a roadmap for navigating digital transitions, emphasizing that the "human element" of change management is as vital as the technological infrastructure. While limited by its qualitative scope, the research sets a foundation for future longitudinal studies to measure the long-term ROI of integrated HR platforms in diversifying SME sectors.

**Keywords:** strategic asset; HRIS; value creation; SMEs; digital transformation; administrative liberation; digital friction

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## 1. Introduction

Within the United Kingdom's economic framework, Small and Medium-sized Enterprises (SMEs) serve as the "backbone" of private sector employment and innovation (Department for Business, Energy & Industrial Strategy [BEIS], 2023). By 2025, SMEs remained the backbone of the UK economy, comprising 99.9% of all businesses (5.7 million), with micro-enterprises alone representing 95% of the total (House of Commons Library, 2025). Under the criteria established by the Companies Act 2006 and aligned with broader European standards, the UK categorizes these

entities primarily by headcount and financial turnover. Micro-enterprises are defined as firms employing fewer than 10 staff with a turnover below €2 million, while small enterprises maintain fewer than 50 employees and a turnover under €10 million.

Finally, medium-sized enterprises are characterized by a workforce of fewer than 250 individuals and an annual turnover not exceeding €50 million (Ward & Rhodes, 2023). Despite their size, the collective impact of these 5.5 million businesses is profound; however, their resource-constrained nature often necessitates the adoption of digital tools, such as Human Resource Information Systems (HRIS), to maintain competitiveness against larger corporate rivals (Lieberman, 2024).

An HRIS is defined as a systematic integration of hardware, software, and procedures designed to facilitate the collection, storage, and analysis of employee-related data (Kavanagh & Johnson, 2017). Historically, HRIS adoption in smaller firms was viewed primarily as a tool for administrative governance—automating basic functions such as payroll, compliance, and leave management (Alam et al., 2016). However, as SMEs navigate an increasingly volatile economic environment, the role of HRIS has evolved. It is no longer merely a repository for data but a critical driver of organizational performance that enables "strategic visibility" through real-time information flows.

Despite the documented benefits of HRIS, SMEs face a unique "resource poverty" that creates significant hurdles during digital integration (Johnson et al., 2022).

Unlike large corporations with dedicated IT and change management departments, SMEs must navigate technical implementation and cultural resistance with limited financial and human capital. This creates a paradox: while the HRIS is intended to reduce administrative burden, the initial "digital friction" of implementation can often exacerbate it.

This research seeks to bridge the gap between HRIS theory and SME practice. By adopting a qualitative, multi-sectoral approach, the study investigates the path through which UK SMEs navigate the transition from manual "spreadsheet silos" to integrated strategic systems, identifying the mediating factors that allow these firms to achieve value creation in an era of digital-first HRM.

### *1.2. Problem Statement: The SME Digital Maturity Paradox*

Despite the economic significance of the UK SME sector, a persistent "digital maturity gap" exists between small-scale operations and larger corporate entities (Ward & Rhodes, 2023). While digital transformation is often touted as a universal necessity, many UK SMEs remain tethered to fragmented, manual HR processes, frequently managed through "spreadsheet silos" or legacy paper-based systems. This creates a substantial administrative burden, resulting in high error rates, compliance risks, and a critical lack of real-time workforce analytics.

The core of the problem is not merely a lack of access to technology, but a conceptual and operational hurdle in the transition phase (Johnson et al., 2022).

While larger firms possess the capital to absorb the costs and organizational shocks of implementation, SMEs often perceive HRIS as a "digitized filing cabinet" rather than a strategic driver. Consequently, there is a significant lack of qualitative evidence regarding the mechanisms by which HRIS integration moves beyond simple automation to become a strategic asset. Without a nuanced understanding of this transition—specifically how firms navigate the "digital friction" of implementation—UK SMEs risk structural obsolescence in an increasingly data-driven global economy.

### *1.3. Research Aim and Objectives*

The primary aim of this research is to critically investigate the pathway of value creation during HRIS integration within UK SMEs, evaluating how the transition from manual administration to digital strategy influences organizational performance and operational efficacy.

RO1: To identify the current landscape of HRIS adoption and the nature of manual "administrative burdens" within UK SMEs across the food, retail, and recruitment sectors.

RO2: To analyze the impact of HRIS-enabled automation on the operational efficiency and time-recovery of HR professionals.

RO3: To evaluate the role of HRIS-generated data in facilitating evidence-based strategic decision-making and enhancing organizational performance.

RO4: To examine the socio-technical and cultural barriers—specifically the concept of "digital friction"—that hinder the shift from record-keeping to strategic asset utilization.

RO5: To synthesize these findings into a framework of evidence-based recommendations for SME leaders to optimize HRIS for long-term value creation.

#### 1.4. Research Questions

RQ1: Through what processes does HRIS integration facilitate the transformation of HR functions from administrative tasks into strategic assets within UK SMEs?

RQ2: How does the transition from manual "spreadsheet silos" to automated platforms reconfigure the operational efficacy of the HR management function?

RQ3: To what extent, and in what specific contexts, does HRIS visibility influence the strategic performance and competitive positioning of resource-constrained firms?

RQ4: What are the primary organizational and cultural challenges that impede SMEs from leveraging HRIS for strategic value rather than simple data storage?

## 2. Literature Review and Conceptual Framework

### 2.1. The Paradigm Shift: From Transactional Utility to Strategic Necessity

The metamorphosis of Human Resource Information Systems (HRIS) from rudimentary record-keeping tools into drivers of strategic value represents a fundamental paradigm shift in contemporary management. For UK Small and Medium-sized Enterprises (SMEs), this evolution transcends mere adoption; it is a vital survival mechanism within a volatile post-Brexit and post-pandemic economic landscape (Ward & Rhodes, 2023). Historically, academic discourse, led by foundational scholars such as Guest (2011) and Cascio (2015), characterized HRIS through its transactional utility—focusing on the automation of routine administrative tasks like payroll and leave reporting. Under this traditional lens, value was viewed through the prism of operational efficiency.

However, in the modern SME context, HRIS has transcended these parameters. Contemporary research reframes digital integration as the catalyst required to bridge the gap between stagnant manual record-keeping and rapid organizational growth (Bondarouk et al., 2022). While large corporations utilize HRIS for sophisticated predictive analytics, SMEs often struggle with a "digital divide," where resource constraints relegate HR functions to high-volume "administrative burdens" (Lieberman, 2024). This review synthesizes how these systems evolve from "transactional frameworks" into "strategic assets" capable of driving holistic performance.

### 2.2. Reconceptualizing HRIS in the SME Context

In broad management literature, HRIS is defined as the systematic procedure for the collection, maintenance, and retrieval of human resource data (Armstrong & Taylor, 2023). Yet, for UK SMEs, this definition is increasingly fluid. Unlike larger enterprises deploying full ERP suites, SMEs typically adopt modular, cloud-based Software-as-a-Service (SaaS) solutions (Nawaz & Gomes, 2024).

The critical distinction in recent scholarship is that the true value of HRIS for SMEs is derived from "administrative liberation." Luckman and Taylor (2025) argue that by automating "low-value" tasks, the system enables HR practitioners to pivot toward "high-value" strategic activities, such as employee engagement and cultural development (CIPD, 2023). Thus, HRIS is defined less as a software package and more as a transformational process that facilitates the transition of HR from a cost center to a strategic partner (Marler & Boudreau, 2022).

### 2.3. The Multi-Dimensional Impact of HRIS on SME Performance

The most immediate impact of HRIS is the reduction of "dead time" associated with manual entry (Maier et al., 2013). Automation of core functions—specifically payroll and compliance—can liberate up to 40% of an HR manager's capacity (CIPD, 2023; Shrivastava, & Shaw, 2003). This efficiency minimizes work duplication and enhances the accuracy of data retrieval (Jahan, 2014), allowing the organization to scale without a linear increase in administrative overhead.

#### 2.3.2. Information Visibility and Evidence-Based Decision Making

A significant burden in manual environments is the reliance on "gut feeling" rather than evidence. Nawaz and Gomes (2024) posit that HRIS provides "Information Visibility," allowing managers to track KPIs such as turnover and absenteeism. This visibility transforms HR from a reactive department into a proactive one, identifying talent gaps before they impact the bottom line (Bondarouk et al., 2022).

#### 2.3.3. Enhanced Employee Experience and Self-Service

In a tightening labor market, HRIS acts as an Employee Value Proposition (EVP) enhancer (Jackson, 2025). Through Employee Self-Service (ESS) portals, staff gain digital autonomy over their profiles and training, fostering a culture of transparency (Shahreki, 2024). This professionalism improves engagement and lowers turnover, transforming the system into a cultural asset rather than a mere database.

### 2.4. The Implementation Hurdles: The "Digital Friction"

Despite the potential for value, the literature identifies several socio-technical hurdles:

**The Skill-Gap:** Many SME HR "generalists" lack the data literacy required to turn system outputs into strategic insights (Lieberman, 2024).

**Cultural Inertia:** Resistance often stems from staff who view digital monitoring as a threat to a "family-style" culture (Bondarouk et al., 2022).

**Hidden Costs:** While SaaS models lower entry barriers, the costs of data migration and system customization remain significant for firms with limited cash flow (Nawaz & Gomes, 2024).

### 2.5. Conceptual Framework: The Path to Value Creation

The synthesis of the preceding literature suggests that the transition from an administrative burden to a strategic asset is not an automatic outcome of software installation, but a process of organizational evolution. To visualize this, the study proposes a conceptual framework based on the Input-Process-Output (IPO) model, tailored to the UK SME context.

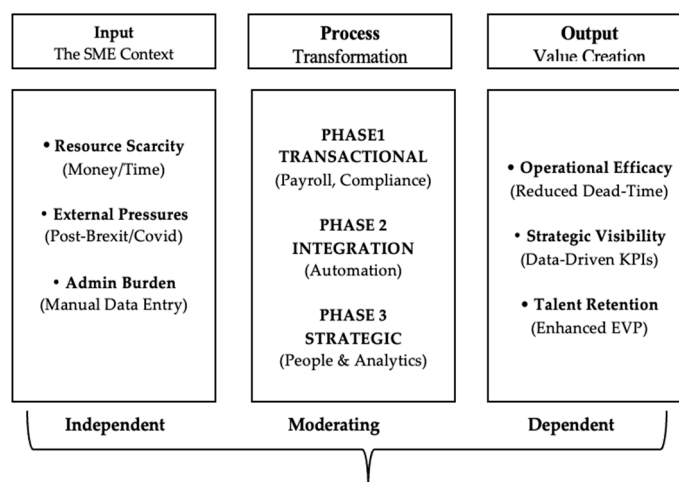


Figure1: Conceptual Framework: The Path to Value Creation

In this framework, the Inputs represent the specific resources and motivations of the SME, including the "trigger" factors such as the post-Brexit labour shortage or the need for digital modernization. The Process involves the integration of HRIS functions—moving from "Transactional" (payroll, compliance) to "Transformational" (analytics, automation/self-service). Finally, the Outputs are the measurable performance gains: operational efficacy, improved data visibility, and enhanced employee retention.

The central tenet of this model is that "Value Creation" occurs at the intersection of technological capability and management literacy (Škudienė et al., 2020). Without the "Management Capability" to interpret HRIS data, the system remains a sophisticated filing cabinet (an administrative tool). Conversely, with high literacy and strategic intent, the HRIS becomes a Strategic Asset that bridges the "productivity gap" identified by Ward and Rhodes (2023).

### *2.6. Conclusion: Identifying the Research Gap*

While foundational scholarship (Guest, 2011) established HRIS as a tool for complexity management, the qualitative "how" remains under-researched. Contemporary studies (Marler & Boudreau, 2022) identify the strategic potential, yet there is a dearth of evidence regarding how HR managers in niche UK sectors like hospitality and recruitment navigate specific hurdles to extract this value (Johnson et al., 2022). This study addresses this gap by exploring the lived experience of digital transformation across 12 UK SMEs.

## **3. Materials and Methods**

### *3.1. Research Philosophy and Strategy*

This study adopts a qualitative, interpretivist research design to explore the complexities of HRIS integration within the UK SME sector. An interpretivist lens is essential for capturing the subjective "meaning-making" processes of HR professionals as they navigate the transition from manual to digital systems (Saunders et al., 2023).

A multiple case study strategy was selected, as it is robust for investigating complex organizational phenomena where the boundaries between the intervention (HRIS) and the context (the SME environment) are deeply intertwined (Yin, 2018). This design facilitates a deep, contextualized understanding of "how" and "why" HRIS evolves into a strategic asset—insights that quantitative metrics alone cannot capture.

### *3.2. Case Selection and Sectoral Scope*

To enhance the external validity and theoretical generalizability of the findings, the study utilizes a multi-sectoral perspective. Purposive sampling was employed to select 12 HR managers across three distinct industries, facilitating a cross-case analysis to identify universal "communalities" and sector-specific pressures (Eisenhardt, 1989; Woodside, 2016):

Food and Hospitality: Characterized by high labor intensity and fluid shift-work management.

Apparel and Grocery Retail: Defined by thin margins and complex labor-synchronization needs.

Recruitment Agencies: Representing knowledge-intensive firms with high compliance mandates.

### *3.3. Data Collection: Semi-Structured Interviews*

Primary data were gathered through 12 semi-structured interviews, a method highly compatible with interpretivist research. This format provides a "flexible roadmap," allowing for the pursuit of emergent themes regarding "administrative burdens" or "strategic assets" (Saunders et al., 2023).

#### **3.3.1. Participant Profile and Criteria**

Participants were selected based on three critical criteria: (1) holding a senior HR or management role in a UK SME (under 250 employees), (2) having led an HRIS implementation within the last 1–5

years, and (3) possessing experience with both manual and digital systems. This ensures the sample reached data saturation, where no new significant themes emerged.

**Table 1.** Participant Matrix and Sectoral Justification.

Sector	Participants	Primary Justification
Food/Restaurant	P1–P3	High volume of manual leave/shift tracking.
Apparel Retail	P4–P6	Focus on payroll accuracy and seasonal scaling.
Grocery Retail	P7–P9	Complex compliance and inventory-linked HR needs.
Recruitment	P10–P12	Strategic use of HRIS for talent analytics.

### 3.3.2. Interview Protocol

Interviews (45–60 minutes) were conducted via video conferencing (Zoom/Microsoft Teams). The interview guide was structured around the Input-Process-Output (IPO) framework:

**Input (Pre-Implementation):** Assessing the legacy burden of manual/spreadsheet systems.

**Process (Integration):** Identifying technical hurdles and "digital friction."

**Output (Strategic Realization):** Evaluating perceived shifts in decision-making and performance.

### 3.4. Data Analysis: Thematic Analysis

The study employed Thematic Analysis (TA), strictly following the six-phase framework by Braun and Clarke (2022). Data were managed using NVivo 14 to ensure systematic rigor:

**Familiarization:** Immersive reading of verbatim transcripts.

**Initial Coding:** Generating labels for features (e.g., "manual silos," "time-recovery").

**Thematic Search:** Collating codes into candidate themes.

**Reviewing Themes:** Validating themes against the dataset and the IPO model.

**Defining/Naming:** Finalizing constructs (e.g., Administrative Liberation).

**Reporting:** Synthesizing vivid extracts to answer the research questions.

### 3.5. Methodological Rigor and Trustworthiness

To ensure the findings meet the criteria for qualitative rigor (Lincoln & Guba, 1994), the following measures were taken:

**Credibility:** Established through member-checking, where participants verified transcript summaries.

**Transferability:** Provided via "thick description" of the SME contexts.

**Dependability:** Maintained through a clear audit trail of recordings, transcripts, and coding notes.

**Confirmability:** Use of a reflexive journal to minimize researcher bias during the coding process.

### 3.6. Ethical Considerations

Ethical approval was granted by the University Ethics Committee. In adherence to GDPR (2018) and the British Academy of Management (BAM) guidelines:

**Informed Consent:** Participants signed forms outlining their right to withdraw.

**Anonymity:** Identifiers were replaced with codes (e.g., P1, Sector 1).

**Data Security:** Data were stored on a password-protected cloud drive and will be destroyed following the examination period.

## 4. Data Analysis and Findings

### 4.1. Introduction

This section details the findings derived from the thematic analysis of 12 semi-structured interviews. The analysis followed Braun and Clarke's (2022) framework, utilizing NVivo 14 to identify recurring patterns regarding the transition of HRIS from an "administrative burden" to a "strategic asset." Three core themes emerged, aligning with the study's Input-Process-Output (IPO) framework.

### 4.2. Analytical Rigor and Coding Structure

The study adopted a hybrid coding strategy, combining deductive codes (derived from the IPO framework) with inductive codes (emergent from participant narratives). The coding logic moved through three cycles: Open Coding (initial nodes), Axial Coding (sub-themes), and Selective Coding (overarching theoretical constructs).

**Table 2.** NVivo Coding Hierarchy and Indicators.

Parent Node (Theme)	Child Nodes (Sub-Codes)	Example Indicators	Density (n)
<b>Administrative Liberation</b>	Time-recovery, Error reduction, Role redefinition	"End of spreadsheets," Payroll speed	42
<b>Strategic Visibility</b>	Data centralization, Real-time reporting	Trend analysis, Evidence-based logic	36
<b>Digital Friction</b>	Cultural resistance, Infrastructure lag	"Big Brother" syndrome, Wi-Fi bottlenecks	31

### 4.3. Theme 1: Administrative Liberation and the "End of the Spreadsheet"

This theme was the most densely coded node, with all 12 participants describing their pre-HRIS state as one of "manual chaos." The primary finding was a fundamental shift in professional identity, where HR roles transitioned from clerical data entry to operational management.

**Time-Recovery as an Asset:** Participants reported substantial reductions in administrative cycles. P5 (Apparel Retail) noted that monthly holiday reconciliation dropped from three days to 20 minutes, stating, "It felt like I was a clerk, not a manager."

**Dissolving "Spreadsheet Silos":** In the Grocery sector, P8 described the liberation of store managers from three hours of daily paperwork: "We moved from reactive troubleshooting of manual errors to proactive decision-making."

**Role Redefinition:** For Recruitment (P11), the system allowed a return to human-centric work: "We finally stopped being data entry clerks and started being recruiters again... focusing on relationships rather than fighting VLOOKUPs."

### 4.4. Theme 2: Strategic Visibility (The "Intelligence" Process)

This theme represents the highest-value transition, where the HRIS output directly influences business-wide strategy. The analysis revealed a profound shift from Intuition-Based to Evidence-Based logic.

**From "Gut Feeling" to Data:** P1 (Restaurant) highlighted that staffing was previously based on a "gut feeling" of a busy Friday, often leading to waste. With HRIS, they now use a "cold, hard evidence base" to adjust procurement and labor in real-time.

**Predictive Precision:** In the Recruitment sector (P11), the focus shifted from superficial metrics (phone time) to Outcome-Based Strategy, identifying which candidate sources yielded the highest long-term retention.

**Mitigating Risk:** Apparel Retailers (P6) used strategic visibility to reduce end-of-season markdowns by aligning stock-turn with real-time customer behavior patterns.

**Table 3.** Cross-Sector Comparison of Strategic Asset Utilization.

Sector	Pre-HRIS (Intuition)	Post-HRIS (Evidence)	Impact
Food	Guessing" staff levels	Real-time staffing alignment	15% reduction in churn (P3)
Retail	Personal bias in stock	Customer behavior patterns	Reduced markdowns (P6)
Recruitment	Call volume/Activity	Conversion funnel analytics	Source-retention optimization

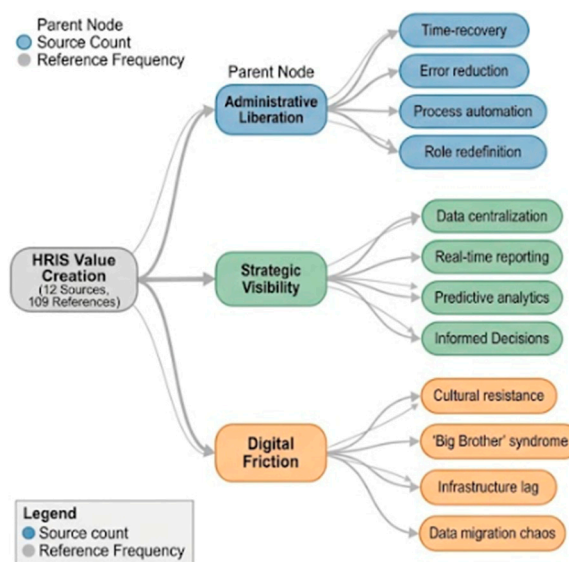
#### 4.5. Theme 3: The "Digital Friction" (Implementation Hurdles)

A critical finding of this study is that the path to value creation is non-linear. Every SME reported a temporary "performance dip" categorized as Digital Friction.

1. **Cultural Friction ("The Big Brother Syndrome"):** Participants (P12, P10) noted that staff initially viewed the system as surveillance. In recruitment, this led to "data ghosting," where consultants withheld information to maintain personal control.
2. **Infrastructure Friction:** In the Grocery sector (P6), Wi-Fi bandwidth issues created a "digital bottleneck," causing staff to "check out mentally" when faced with loading screens.
3. **Legacy Friction:** P5 (Apparel) described the "chaos" of migrating "dirty data," which caused staff to lose trust in the "digital truth" for months until manual audits were completed.

#### 4.6. NVivo Visual Outputs

The following visualizations, generated through NVivo 14, provide an analytical audit trail of the study. They illustrate the structural density of the coding process and the resulting conceptual model derived from the 12 semi-structured interviews.



**Figure 2.** NVivo Project Coding Map.

Figure 2 presents the Project Coding Map, which illustrates the hierarchical relationship between the 109 unique data references and the resulting thematic nodes. This map represents the outcome of the three-stage coding process:

1. **Initial Nodes (Open Coding):** The outermost nodes (e.g., "End of Spreadsheets," "Data Migration Chaos") represent the raw concepts identified directly from the interview transcripts.
2. **Sub-Themes (Axial Coding):** These were then clustered into sub-codes that identified specific operational impacts, such as "Role Redefinition" or "Infrastructure Lag."

3. **Parent Themes (Selective Coding):** Finally, the data were synthesized into the three primary theoretical constructs: Administrative Liberation, Strategic Visibility, and Digital Friction.

The visual weighting indicates that "Administrative Liberation" and "Strategic Visibility" were the most densely populated themes, suggesting that while the implementation hurdles are significant, the perceived value of the transition is the dominant narrative among UK SME managers.

Figure 3 illustrates the SME Value Trajectory, a processual model derived from the analysis of relationship queries within NVivo. This map transitions the study from descriptive findings to a Conceptual Framework for Value Creation within the Input-Process-Output (IPO) logic.

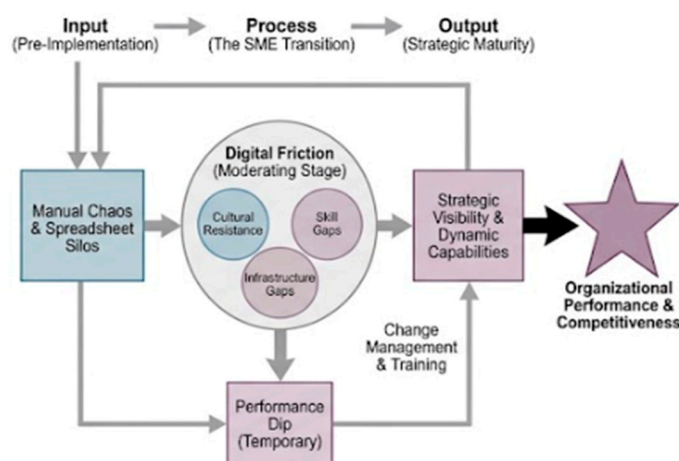


Figure 3. Thematic Conceptual Map: The SME Value Trajectory.

- **The Input Stage:** Defined by the baseline of "Manual Chaos," where data is fragmented across spreadsheet silos.
- **The Moderating Stage (Digital Friction):** A critical finding of this study is the non-linear nature of implementation. The map visualizes "Digital Friction" as a mediating variable. The arrows indicate that without proper change management and training, SMEs experience a "Performance Dip" before reaching maturity.
- **The Output Stage:** Represents the realization of "Strategic Visibility," where HR functions transition from a cost-center to a dynamic capability.

The star at the end of the trajectory denotes the final state of Organizational Performance and Competitiveness, confirming that the HRIS is only a "Strategic Asset" once the digital friction is successfully navigated and intuition is replaced by evidence-based decision-making.

#### 4.7. Synthesis: Sectoral Variance and Theoretical Linking

The findings confirm that while Administrative Liberation is the universal "entry point" to value, Strategic Visibility is the goal. However, the analysis revealed a significant Sectoral Contingency:

- **Knowledge-Intensive SMEs (Recruitment):** Transitioned to the "Strategic Asset" phase faster due to higher baseline digital literacy and existing KPI-driven cultures.
- **Labor-Intensive SMEs (Food/Retail):** Experienced prolonged "Digital Friction" due to the disruption of physical, long-standing workflows (e.g., moving from paper docketts to touch-screens during peak service).

#### 4.8. Conclusion: The Mediated Path

The analysis concludes that HRIS is not a "plug-and-play" solution. Its evolution from a burden to an asset is mediated by the organization's ability to navigate Digital Friction. Strategic value is only realized when the "Time Reclaimed" from administration is intentionally reinvested into data-driven decision-making.

## 5. Discussion

### 5.1. Overview of Findings

This study examined how HRIS integration in UK SMEs evolves from an administrative tool into a strategic asset. Three interrelated themes emerged: administrative liberation, strategic visibility, and digital friction.

Taken together, these findings reveal that HRIS value creation is non-linear, contingent, and capability-dependent, rather than automatic. While the Input–Process–Output (IPO) framework provides a useful structural lens, the empirical evidence extends this model by demonstrating that the transformation process is mediated by organisational and behavioural factors.

This section interprets the findings through the lens of existing literature, particularly the Resource-Based View (RBV) and Dynamic Capability Theory, to explain how and why HRIS contributes to SME performance.

### 5.2. From Transactional Efficiency to Strategic Capability

The findings confirm that HRIS adoption initially delivers value through **operational efficiency**, aligning with foundational work by Guest (2011) and Cascio (2015), who conceptualised HRIS as a tool for administrative functions such as payroll and record-keeping. However, this study demonstrates that such functions represent only the **baseline of value creation**.

The theme of **administrative liberation** shows that automation reduces time spent on routine tasks, enabling HR professionals to redirect effort toward higher-value activities. This supports prior work on “administrative liberation” while extending it by demonstrating its strategic implications in resource-constrained SME environments.

From an RBV perspective, the key insight is that **time becomes a reconfigurable strategic resource**. Rather than creating value directly, HRIS enables the reallocation of managerial capacity, which can then be invested in activities such as workforce planning, employee engagement, and performance management.

However, the findings also challenge a simplistic RBV interpretation. While all firms experienced efficiency gains, only some translated these into strategic outcomes. This suggests that HRIS does not inherently constitute a VRIN resource. Instead, its value is contingent upon **complementary organizational capabilities**, including managerial expertise and strategic intent.

Thus, HRIS should be understood not as a source of competitive advantage, but as an **enabling infrastructure** that supports the development of intangible capabilities.

### 5.3. Strategic Visibility and Evidence-Based Management

Beyond efficiency gains, HRIS enables **strategic visibility**, marking the transition from operational improvement to organizational impact. Participants consistently reported a shift from intuition-driven decision-making to **data-driven management practices**, supported by real-time access to centralized information.

This finding challenges the assumption that SMEs lack the capacity for analytical decision-making due to resource constraints. Instead, the results suggest that HRIS can **democratise access to strategic data**, allowing even smaller firms to engage in evidence-based management.

From a theoretical perspective, this aligns with **Dynamic Capability Theory**, particularly the concept of **sensing and seizing opportunities**. HRIS enhances organisational awareness by making workforce trends visible (sensing), while enabling managers to act on these insights through informed decision-making (seizing).

Importantly, the findings also indicate that data alone is insufficient. The ability to interpret and apply information varies across organizations, reinforcing the argument that **capability, rather than technology, determines strategic value**.

In addition, HRIS strengthens the **legitimacy of HR as a strategic function**. By providing data-backed insights, HR professionals gain greater influence in organisational decision-making, supporting the transition from administrative support to strategic partnership.

#### 5.4. Digital Friction and the Limits of Technological Determinism

While the benefits of HRIS are evident, the findings highlight that implementation is frequently disrupted by **digital friction**—a set of socio-technical barriers that complicate the transformation process.

These include:

- Cultural resistance to change
- Low digital literacy
- Lack of trust in system outputs
- Entrenched work practices

This challenges deterministic assumptions in the literature that digital adoption leads to immediate and uniform performance improvements. Instead, the results show that organizations often experience **temporary disruption and performance decline** during implementation.

A key contribution of this study is the conceptualization of **digital friction as a mediating factor** between technological adoption and value realization. Rather than being a peripheral issue, digital friction represents a **structural constraint** that shapes whether HRIS becomes a strategic asset or remains underutilized.

From a dynamic capability perspective, digital friction disrupts the transition from **seizing to reconfiguring**, preventing organizations from fully embedding new processes and practices. This highlights the importance of **change management, leadership, and organizational culture** in determining the success of digital transformation.

#### 5.5. A Non-Linear Model of HRIS Value Creation

Integrating these findings, the study proposes a **three-stage, non-linear model of HRIS value creation**:

##### Stage 1: Administrative Liberation

- Automation of routine tasks
- Reduction in errors and inefficiencies
- Release of managerial time

##### Stage 2: Strategic Visibility

- Access to real-time, centralised data
- Shift toward evidence-based decision-making
- Increased strategic role of HR

##### Stage 3: Transformation under Digital Friction

- Organizational restructuring and process change
- Cultural and behavioral resistance
- Uneven and contingent outcomes

Unlike linear models of technological adoption, progression across these stages is **neither automatic nor uniform**. Instead, it is shaped by organizational context, managerial capability, and the degree of digital friction encountered.

#### 5.6. Sectoral Differences in Value Realization

The findings further reveal that HRIS value creation varies across sectors. Knowledge-intensive SMEs, such as recruitment firms, were more effective in leveraging HRIS for strategic purposes, while labor-intensive sectors, such as hospitality and food services, faced greater resistance and slower adoption.

This suggests that **the nature of work influences digital transformation outcomes**. Organizations operating in data-driven environments are more likely to integrate HRIS into decision-making processes, whereas those reliant on manual labor may experience greater disruption.

This introduces an important boundary condition: HRIS effectiveness is **context-dependent**, and theoretical models must account for sectoral variation rather than assuming universal applicability.

### 5.7. Theoretical and Practical Contributions

#### 5.7.1. Theoretical Contributions

This study makes four key contributions:

1. It reconceptualizes HRIS as an **enabling infrastructure**, rather than a standalone strategic resource, extending the Resource-Based View
2. It advances **Dynamic Capability Theory** by demonstrating how HRIS supports sensing, seizing, and reconfiguring processes in SMEs
3. It introduces **digital friction** as a critical construct explaining variation in digital transformation outcomes
4. It proposes a **non-linear, staged model of value creation**, challenging linear assumptions in HRIS and digital transformation literature

#### 5.7.2. Practical Implications

For practitioners, the findings highlight that:

- HRIS should be treated as a **strategic investment**, not merely a technical upgrade
- **Change management and training** are critical to successful implementation
- Addressing **cultural resistance** is as important as selecting the right technology
- Value is realised not through adoption alone, but through **effective utilization and integration**

## 6. Conclusion and Recommendations

This section is not mandatory but can be added to the manuscript if the discussion is unusually long or complex.

### 6.1. Conclusion

This research investigated the trajectory of HRIS integration within UK SMEs, specifically examining the transition from an administrative burden to a strategic asset. The study concludes that HRIS serves as a fundamental catalyst for digital maturity, enabling resource-constrained firms to bridge the national "productivity gap" through enhanced operational efficacy.

The findings confirm that value creation is a non-linear process characterized by three critical milestones: Administrative Liberation, Strategic Visibility, and the navigation of Digital Friction. While automation provides the immediate "input" of time-recovery, the evolution into a "strategic asset" is contingent upon the firm's ability to convert raw data into actionable intelligence. Crucially, the study identifies that in the UK SME landscape, cultural and cognitive barriers—rather than financial or technical ones—remain the primary inhibitors of successful digital transformation. By moving beyond "spreadsheet silos," SMEs can achieve a level of strategic agility previously reserved for large-scale corporations.

### 6.2. Recommendations for Practice

Based on the emergent findings, the following evidence-based recommendations are proposed for SME leaders and HR practitioners:

1. **Cultivate Data Literacy over Software Proficiency:** Investment in HRIS platforms must be decoupled from the assumption of instant utility. SMEs should prioritize training programs that

focus on "People Analytics" interpretation, ensuring HR generalists can translate system outputs into strategic business cases.

2. **Mitigate Friction through "Transparency Framing":** To overcome the "Big Brother" syndrome and cultural inertia, leaders should frame HRIS implementation as a tool for Employee Empowerment. Emphasizing Employee Self-Service (ESS) and transparency in career development can shift the perception of the system from a surveillance mechanism to a value-added resource.
3. **Adopt a "Modular Staging" Strategy:** To minimize the performance dip associated with digital friction, SMEs should adopt a phased rollout. Mastering "Transactional" modules (payroll, compliance) creates the foundational trust and data integrity required before attempting "Transformational" modules (predictive analytics, talent mapping).
4. **Infrastructure Pre-Auditing:** Firms must conduct a thorough audit of their digital infrastructure (e.g., Wi-Fi bandwidth) and data cleanliness prior to migration to prevent early-stage system distrust.

### 6.3. Limitations and Future Research

While this study provides deep qualitative insights into the lived experiences of 12 UK SMEs, it is subject to several limitations. The interpretivist nature of the research prioritizes depth over statistical generalizability.

Consequently, future research should consider a mixed-methods approach, utilizing quantitative surveys to validate the "Digital Friction" construct across a broader, more diverse sample ( $n > 100$ ). Furthermore, a longitudinal study tracking an SME over a 24-month period would offer invaluable insights into the "Sustainability Phase" of HRIS, determining whether the strategic gains identified in this study are maintained or if firms revert to legacy habits over time. Finally, exploring the impact of Generative AI integration within modular HRIS presents a timely and significant avenue for future investigation into SME competitiveness.

## Abbreviations

The following abbreviations are used in this manuscript:

HRIS            Human Resource Information System

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