

## **Human resource management with emerging information system a case study**

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### **Abstract**

Information systems are in most cases implemented to improve organizational effectiveness. A successfully adopted and implemented Information system does not automatically guarantee full benefits. It is important that IT is operated as planned and thus provides the real-time information with a desired level of process integration. Any IT system pushes an organization toward full process integration and solves the fragmentation of information. However, the tight process integration involves operational issues that must be carefully managed. Thus, an assumption can be made that a centrally coordinated support system is required to assist IT users and administrators find problems, and maintain the process integration of IT with great consistency. Implementing an Enterprise Resource Planning (ERP) system project is a difficult and high cost proposition as it places tremendous demands on organization's time and resources. Their organizational wide functionality is vast and overall capabilities are enormous but their success, usability and the user perception is questioned in the information systems (IS) literature. The ERP implementation literature contains many case studies of organizations that have implemented ERP systems successfully. This paper examines the HR-ERP software, ERP developers and their ERP modules of human resources and how organizations may be affected by implementing these modules.

**Keywords:** Information systems, Enterprise resource planning, systems implementation, HR module Quality, Vendors, India

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### **Introduction**

Information System is a system created by experts to take care of information needs of business executives. It helps them not only in the conduct of their day-to-day work but also provides the action data for managerial planning, analysis and control.

ERP system is a business management system that comprises integrated sets of comprehensive software, to manage and integrate all the business functions within an organization. ERP systems integrate and automate all business processes of an organization with the aim of increasing operational efficiency and improving the accessibility and flow of information across all departments. Availability of timely information combined with a flexible framework enable organizations to respond and adapt quickly to the changing marketplace and business environment in a more efficient manner, which obviously results in good return on investment. Enterprise resource planning (ERP) is a term derived from material resource planning and is an information system that integrates and automates all departments within a company; finance (cost management, accounts receivable / payable, general ledger), human resource (payroll, personnel management), manufacturing (sales order entry, invoicing, and capacity planning), logistics, etc., to help enable enterprise-wide management of resources.

ERP systems are cross-functional and span the entire enterprise wide. All functional departments that are involved in operations or production have their functions integrated in one system. In addition to manufacturing, warehousing, and shipping, this integration also includes accounting, human resources, marketing, and strategic management. ERP includes the management of every operation in a value chain to minimize cost and time. ERP streamlines and integrates all business functions of an organization into a single system. ERP helps

control on business activities and provides uniform monitoring system for customer, suppliers and partners of entire business. ERP forms the technology backbone for your entire requirement throughout your organization where it connects every level of the business and helps building business relationships. From material management to manufacturing, supply chain management to sales force automation, to customer self-service and e-commerce, every business operation needs to integrate smoothly into your ERP solution.

A fully integrated system ensures that managers, customers, employees, and vendors have the information they need when they need it most. A robust ERP system shall increase operating efficiency, reduced costs, & helps in better decision making, enhance control over business operations, improved communication which leads to greater profitability and growth once it is implemented in a timely, cost-effective manner. ERP is defined as the ability to deliver an integrated set of business applications. These tools share a common process and data model, covering broad and deep operational end-to-end processes, such as those found in finance, HR, distribution, manufacturing, service and the supply chain. ERP is an application strategy focused on several distinct enterprise application suite markets. ERP is typically referred to as a back-office application set, but ERP applications typically automate and support more than administrative processes and include the support of production and inventory processes, as well as the asset management aspects of an enterprise.

Now these days ERP is easy to implement and cost effective solution for SME segment. ERP is an enterprise solution for all type of companies to enhance efficiency of resources of the organization "Man, Money, Machine & Material". ERP caters the needs of fast growing businesses. It is easy to use, and fully scalable to accommodate multiple locations, currencies and

business units. ERP provides an integrated view of multiple functions that help you take quick and well informed decisions in real time. ERP applications automate and support a range of administrative and operational business processes across multiple industries, including line of business, customer-facing, administrative and the asset management aspects of an enterprise. However, ERP deployments tend to come at a significant price, and the business benefits are difficult to justify and understand.

### **Human RESOURCE Management with ERP**

In today's era, ERP is web-based ERP software capable to connect organization's departments, branches, customers, and suppliers under a central system. ERP comprises of host of integrated functionality including, Purchase Management, Inventory & Material Management, Manufacturing, Sales and Distribution Management, Finance Resource Management, Supplier, Human Resource Management, Plant Maintenance and Excise management. An ERP software consists of many modules with each module is integrated with the major functional area of an organization.

In normal procedure, each module is designed to interact with each other with easy accessing of information concerning a particular branch, section or department. ERP modules are tightly protected with efficient security system and the staff is trained to handle the system effectively during the training session by the consultants. ERP software is designed to include modules so that it is easy to access a particular option; it is easy to train staff, easy to provide security features. Such a module based design is more intuitive to use and staff find it easy to understand.

This research paper explains how organizations can improve their HR departments by HR module of ERP system and supporting employees in the organization. To gain a competitive edge, enterprises must align all corporate resources – including human capital, or employees – with the enterprise's overall business processes, goals, and strategies. Demonstrates how organizations can improve their HR departments by empowering and supporting employees throughout their service with the organization. In addition, the section provides an overview of how to simplify and streamline workforce-related processes. The HR management module is a component covering many other HR aspects from application to retirement. The system records basic demographic and address data, recruitment, selection, training and development, capabilities and skills management, identifying learning needs, delivering appropriate training, compensation planning records and other related activities. ERP systems provide the ability to "read" applications and enter relevant data to applicable database fields, notify employers and provide position management and position control. Human resource management function involves the recruitment, placement, evaluation, compensation and development of the employees of an organization. This necessitate transforming traditional human resources (HR) functions into a comprehensive human capital management (HCM) program that integrates employees, business processes, and technologies with business goals and objectives.

Human Resource module routinely maintains a complete employee database including contact information, salary details, attendance, performance evaluation and promotion of all employees. HR modules of ERP, refers to the systems and processes at the intersection between human resource

management and information technology. These ERP systems have their origin on software that integrates information from different applications into one universal database. Automating the many processes surrounding human resource management enables you and your staff to become more efficient and effective and focus on your organization's core competencies. The solution is extremely user-friendly, and provides extensive configuration options. The solution enables executives and HR managers to easily manage employee records, teams & work-shifts, payrolls & attendance. Accounting entries can be automatically processed according to pre-set rules. The solution includes provisions to import employee records and attendance data in bulk from 3rd party systems. Managers can use the reporting framework to generate standard reports like on employee attendance, vacations, salary slips, or to create custom reports on key performance indicators.

### **Here are some of the most common sub-systems available in ERP's HR module.**

The list is to give an idea about some of the sub systems:

**1. Payroll System:** The main function of payroll system includes Salary management, attendance management for salary calculation, gross/net accounting, statutory reporting, history function, multi-currency capability, international solutions. The payroll module automates the pay process by gathering data on employee time and attendance, calculating various deductions and taxes, and generating periodic pay cheques and employee tax reports. It covers all essential payroll functions including earnings and deductions processing, preparation of remuneration statements, bank transfers and follow up activities such as transfer of information to Financials.

This module can encompass all employee-related transactions as well as integrate with existing financial management systems. The Payroll is based on an international payroll driver. This payroll driver was modified for each country. The country-specific payroll drivers take the statutory and administrative regulations of a country into account. Keep in mind, that the payroll module is very country specific, that is, certain procedures should be taken to meet the particular requirements of your enterprise. Payroll can be integrated in Time Management, Incentive Wages, Personnel Administration and Accounting:

- Time data, entered via Time Management, is automatically included in the Payroll and is valued during the payroll run.
- Data from the Incentive Wages component is used to calculate piecework wages and premium wages directly in Payroll.
- Standardized data retention enables you to use master data and other payroll relevant data from Personnel Administration.
- Information on expenses and payables from Payroll is posted for accounting directly in Financial Accounting, and you assign the costs to the appropriate cost center.

**2. Personnel Management:** The personnel management comprises of HR master-data, personnel information systems, personnel administration, recruitment and salary administration and travel management. The module provides a system for organizations to administer and track employee participation in

benefits programs. These typically encompass insurance, compensation, profit sharing and retirement.

**3. Training module:** Training classes are sometimes part of the Human Resources module allowing employees to take classes to further develop their skills and also allows them to learn new skills. Employees that are given the capability to learn new skills are more valuable to their organization. The training module provides a system for organizations to administer and track employee training and development efforts. The system, normally called a "learning management system", allows HR to track education, qualifications, skills of the employees, development, as well as outlining what training courses, special training programs, CDs, web based learning, books, or materials are available to develop skills.

#### **Key Benefits of Human RESOURCE Management module**

Human Resource module views employees as key assets of the corporation, and seeks to ensure their optimal development and deployment with the goal of increasing their active commitment, productivity, and retention. In addition, HR module enables employees to maintain their own personal information and control many administrative transactions and other processes, which were previously handled by the HR staff so that HR can focus on value-generating projects instead of administrative activities. HR module is a great fit for HR and recruiting teams across just about any industry, both public and private.

Examples include hospitality, real estate, education and more, including Third-Party Administrators and recruiting agencies. It's best suited to all-sized companies with anywhere from 100 to 10,000 employees and more. It offers a true infrastructure that makes the software fully accessible from the Web. Most importantly, HR module improves each employee's contribution to corporate goals by aligning employee skills, activities, and incentives with measurable business objectives and the strategies to reach them. At the same time, it provides employers with the tools to measure, manage, and reward team and individual contributions. When properly designed and executed, effective HR programs ensure that all employees contribute according to their full potential and further business objectives. HR module includes a full toolset that helps users easily post jobs, screen applicants and later, on-board new hires. When it comes to attracting the best talent, this HR module includes features for advanced corporate site integration, as well as career site capabilities on mobile devices, social media, and more. There are also tools for social network integration, referral management and an employee career site. This software helps the companies to streamline and optimize their recruiting and hiring processes. By fully leveraging integrated ERP tools, organizations benefit from improved insight into – and control over – increasingly virtual workforces.

In addition, they can adapt their workforce and IT investments more quickly and easily in response to changing business conditions. Equally important, organizations can significantly improve productivity as employees focus more time on value-added activities and leverage the personal empowerment enabled by HR module. Transforming the traditional HR function into a comprehensive program of HR module impacts enterprises at all levels. In addition, it requires integrated, enterprise-wide tools that support the following activities:

1. Comprehensive HR management and decision making.

2. Improved information sharing and visibility.
3. Enhanced collaborative relationships and networking.
4. Ensure compliance globally and locally.
5. Supporting employees and managers throughout the employee life cycle.
6. Deploying the right people to strategic initiatives quickly and efficiently.
7. Enabling employees to manage collaborative processes.
8. Reduced administrative costs and greater efficiency.
9. Cut costs, increase user adoption and gain insight by consolidating on to a single web - based system.
10. HR module improves employee productivity, job satisfaction, and retention.
11. Cut costs with lower recruiting overhead.
12. Aligning corporate strategies with management, team, and individual goals throughout the enterprise.
13. Developing streamlined HR processes that seamlessly integrate across global operations.
14. Improved alignment of human capital with business objectives.
15. User-centric approach for improved usability and increased empowerment.
16. Improved communication, collaboration, and information sharing.
17. Wide range of access options to support multiple work styles.
18. Accelerating workforce-related decisions with real-time information.
19. Low cost of ownership.
20. Simplified IT infrastructure.
21. Manpower planning and recruitment (pre- and post-interview action plan for scheduling, selection and evaluation).
22. Analyzing personnel usage within an organization.
23. Identifying potential applicants.
24. Automation of recruitment procedure i.e. recruiting through online recruiting sites or publications that market to both recruiters and applicants. Online recruiting has become one of the primary methods employed by HR departments to garner potential candidates for available positions within an organization.
25. Uploading of attendance from various attendance recording machines.
26. Formula based grade wise/designation wise/location wise/employee wise salary structure.
27. Bonus processing, arrears and employee loan management.
28. Posting of salary details in Accounts.
29. Shift Roster and Leave Management.
30. User definable salary components for earnings, deductions, allowances and reimbursements.
31. Performance rating against various user defined performance factors at time of confirmation, appraisal and promotion.
32. Maintains training details – training program and analysis. The training management module allows you to define training institutions, places and trainers, with the advantage of outlining the qualities developed once the training has finished. The cost for the training and the request are saved in the records.
33. Employee history – promotions, transfers, salary increments.

34. Complete separation procedure – settlement and exit interview, full and final salary processing, gratuity and superannuation.
35. Matching employees to projects and careers that meet their skills and interests.
36. Identifying learning needs and delivering appropriate training.

### **Conclusion**

Human Resource System supports employees through every phase of their employment with an organization. The solution helps businesses identify and retain top performers, leverage their talents, align employee goals with corporate goals, and maximize the impact of training. ERP enables enterprises to streamline and integrate essential HCM processes, including administration, payroll, time management, and legal reporting, in order to lower IT costs. The solution supports global requirements and has been customized for as per the requirement of the organizations. ERP facilitates workforce deployment. The solution allows organizations to create project teams based on skills and availability, monitor project progress, track time, and analyze results.

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