



TenStep Supplemental Paper

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Successful Integration of HRIS

Even as the economy continues its slow climb towards normalcy and there exists the growing pressure on organizations to perform in a sluggish market with limited resources, HR executives are facing new challenges. These include high employee turnover and the need to constantly enhance the skills and knowledge of workers. At the same time, there is a fervent emphasis on high efficiency and effectiveness with the minimum use of resources. How is the HR department facing this challenge?

Automation of repetitive operations has become the order of the day. HR departments in organizations have increasingly adopted Web portals and Intranets to do away with paper work. The in-basket approach has been replaced by work-flow systems. Most of the recruitment and performance management activities have been shifted to the websites while e-learning modules through both the Intranet as well as Internet are becoming increasingly popular.

Transition from support function to strategy

The growing emphasis on the evolution of HR management function to a strategic one has enabled HR executives to don the mantle of business decision-makers. However, the number of organizations that still consider and utilize HRM more as a tactical function than a strategic tool is very high. This minimizes the potential of the HR executives. It is in such a context that HR executives could take the aid of HRMS and ERP to execute operational roles and devote their valuable time for formulating and implementing strategic business plan.

The ERP and HRMS factors

Though organizations are automating most of their administrative HR processes, the market of ERP and HRMS providers have witnessed a sea change. To top it all, organizations are also facing a severe financial crunch, making ERP a luxury for most business entities. With the market getting saturated, ERP and HRMS vendors are trying to add more value for medium and small businesses by providing robust functionality in their software even as a majority of the big organizations have already automated basic administrative and self-service functions. The larger organizations have now shifted their automation focus to strategic functions like performance management, workforce analytics, succession planning, compensation management, recruiting, and training and development.

HRMS comes of age

A few years ago, many organizations introduced employee self-service, first-generation recruiting software and benefits administration systems over the Internet and Intranet. Having attained significant success over the years, these organizations are now looking forward to using ERP to support their strategic HR functions like performance management, succession planning, recruiting, compensation management and analytics.

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In its early days, recruitment software merely automated the résumé-collection process to reduce hiring time without emphasizing on the quality of candidates. However, the new versions of recruitment software have been equipped with high analytical capabilities to hire better candidates.

With the advent of a knowledge-based economy, organizations need to become more adaptive in terms of business skills and processes. This, in turn, puts greater emphasis on a continuous learning process. The key strategic areas for training and development comprise technical knowledge, managerial and supervisory issues, IT, professional skills, safety and compliance, customer relations, product knowledge, business knowledge, interpersonal and leadership skills. To provide such inputs on a sustained basis, organizations are adopting e-learning modules that comprise advanced management games, simulations and multimedia course work to impart training.

The other key focus of HRMS is to integrate performance management system with compensation planning. In recent times, web-based performance management systems have made it easier for HR executives to assess employees and convert intangible corporate objectives into tangible actions and behaviors. However, its utility will be optimized only when the performance management system is combined with compensation planning and the overall HRMS. Similarly, software for workforce analytics enables organizations to analyze compensation, recruiting, retention and performance functions and thereby take more informed decisions about how to design human resources programs, policies and compensation. Benefits administration and human capital management are also becoming key components in the overall HRMS.

Outsourcing as an alternative

Operational and administrative HR activities are being increasingly outsourced by organizations to third-party agents to lower operational costs and increase efficiency. The HR processes that are being outsourced have grown from transaction-based, single-process functions like localized payroll services, pension and benefit administration, and recruitment to more strategic areas such as organizational and people development, employee-data management, workforce planning and deployment and human-capital services.

The primary objectives of resorting to HR-BPO include streamlining of focus on core business issues, enhancing service levels and lowering overhead costs. Moreover, human resources outsourcing is associated with low risk when compared to other activities such as sales and service functions. With the growing complexity of HR functions, more organizations are likely to access their ERP and HRMS through third-party providers. This might eventually lead to consolidation of HRMS providers with outsourcing agents.

The future

As is evident above, the new strategic focus on HRM is likely to shift the administrative HR activities to either HRMS or outsourcing. Intense competition, digital communication and a shortage of talent are likely to put a lot of pressure on HR departments to execute workforce strategies that would enable their organizations to gain a key competitive



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advantage in terms of talent pool and expertise. This would require the seamless integration of all sub-functions incorporated in an HRMS and its optimal use by the HR department for strategic decision- making. The successful implementation of HRMS is also subject to a careful analysis, choice and implementation of software, system integration and maintenance.