

Human resource management system

A **human resources management system** (HRMS) or **human resources information system** (HRIS) or **human capital management** (HCM) is a form of human resources (HR) software that combines a number of systems and processes to ensure the easy management of human resources, business processes and data. Human resources software is used by businesses to combine a number of necessary HR functions, such as storing employee data, managing payrolls, recruitment processes, benefits administration, and keeping track of attendance records.

A human resources management system ensures everyday human resources processes are manageable and easy to access. It merges human resources as a discipline and, in particular, its basic HR activities and processes with the information technology field, whereas the programming of data processing systems evolved into standardized routines and packages of enterprise resource planning (ERP) software. On the whole, these ERP systems have their origin from software that integrates information from different applications into one universal database. The linkage of its financial and human resource modules through one database is the most important distinction to the individually and proprietarily developed predecessors, which makes this software application both rigid and flexible.

Human resource information systems provide a means of acquiring, storing, analyzing and distributing information to various stakeholders.^[1] HRIS enable improvement in traditional processes and enhance strategic decision-making.^[2] The wave of technological advancement has revolutionized each and every space of life today, and this includes HR. Early systems were narrow in scope, typically focused on a single task, such as improving the payroll process or tracking employees' work hours. Today's systems cover the full spectrum of tasks associated with human resources departments, including tracking and improving process efficiency, managing organizational hierarchy, tracking absence and annual leave, simplifying financial transactions, and providing reports on people data. In short, as the role of human resources departments expanded in complexity, HR technology systems evolved to fit these needs.

Contents

History

Functions

Popular System Overviews

See also

References

Further reading

History

The trend of automating payroll and workforce management processes began during the 1970s. Due to limited technology and mainframe computers, companies were still relying on manual entry to conduct employee evaluation and to digitize reporting.

The first enterprise resource planning (ERP) system that integrated human resources functions was SAP R/2 (later to be replaced by R/3 and S/4hana), introduced in 1979. This system gave users the possibility to combine corporate data in real time and regulate processes from a single mainframe environment. Many of today's popular HR systems still offer considerable ERP and payroll functionality.

The first completely HR-centered client-server system for the enterprise market was PeopleSoft, released in 1987 and later bought by Oracle in 2005. Hosted and updated by clients, PeopleSoft overtook the mainframe environment concept in popularity. Oracle has also developed multiple similar BPM systems to automate corporate operations.^[3]

Beginning in the late 1990s, HR vendors started offering cloud-hosted HR services to make this technology more accessible to small and remote teams. Instead of a client-server, companies began using online accounts on web-based portals to access their employees' performance. Mobile applications have also become more common. HRIS and HRMS technologies have allowed HR professionals to shy away from their traditional administrative work and have inserted them as strategic assets to the company. For example, these roles include employee development, as well as analyzing the workforce to target talent-rich areas.

Functions

The function of human resources departments is administrative and common to all organizations. Organizations may have formalized selection, evaluation, and payroll processes. Management of "human capital" has progressed to an imperative and complex process. The HR function consists of tracking existing employee data, which traditionally includes personal histories, skills, capabilities, accomplishments, and salary. To reduce the manual workload of these administrative activities, organizations began to electronically automate many of these processes by introducing specialized human resource management systems.

HR executives rely on internal or external IT professionals to develop and maintain an integrated HRMS. Before client-server architectures evolved in the late 1980s, many HR automation processes were relegated to mainframe computers that could handle large amounts of data transactions. In consequence of the high capital investment necessary to buy or program proprietary software, these internally developed HRMS were limited to organizations that possessed a large amount of capital. The advent of client-server, application service provider, and software as a service (SaaS) or human resource management systems enabled higher administrative control of such systems. Currently, human resource management systems tend to encompass:

1. Retaining staff
2. Hiring
3. Onboarding
4. Administration
5. Managing payroll
6. HR planning
7. Recruiting/Learning management
8. Performance management and appraisals
9. Employee self-service
10. Scheduling and rota management
11. Absence management

12. Leave management
13. Reporting and analytics
14. Employee reassignment
15. Grievance handling by following precedents

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. Data is generally fed from the human resources and timekeeping modules to calculate automatic deposit and manual cheque writing capabilities. This module can encompass all employee-related transactions as well as integrate with existing financial management systems.

The **time and attendance module** gathers standardized time and work related efforts. The most advanced modules provide broad flexibility in data collection methods, labor distribution capabilities and data analysis features. Cost analysis and efficiency metrics are the primary functions.

The **benefits administration module** provides a system for organizations to administer and track employee participation in benefits programs. These typically encompass insurance, compensation, profit sharing, and retirement.

The **HR management module** is a component covering many other HR aspects from application to retirement. The system records basic demographic and address data, selection, training and development, capabilities and skills management, compensation planning records and other related activities. Leading edge 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. Initially, businesses used computer-based information systems to:

- produce paychecks and payroll reports;
- maintain personnel records;
- pursue talent management.

Online **recruiting** has become one of the primary methods employed by HR departments to garner potential candidates for available positions within an organization. Talent management systems, or recruitment modules,^[4] offer an integrated hiring solution for HRMS which typically encompass:

- analyzing personnel usage within an organization;
- identifying potential applicants;
- recruiting through company-facing listings;
- recruiting through online recruiting sites or publications that market to both recruiters and applicants;
- analytics within the hiring process (time to hire, source of hire, turnover);
- compliance management to ensure job ads and candidate onboarding follows government regulations.

The significant cost incurred in maintaining an organized recruitment effort, cross-posting within and across general or industry-specific job boards and maintaining a competitive exposure of availabilities has given rise to the development of a dedicated applicant tracking system (ATS) module.

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" (LMS) if a standalone product, allows HR to track education, qualifications, and skills of the employees, as well as outlining

what training courses, books, CDs, web-based learning or materials are available to develop which skills. Courses can then be offered in date specific sessions, with delegates and training resources being mapped and managed within the same system. Sophisticated LMSs allow managers to approve training, budgets, and calendars alongside performance management and appraisal metrics.

The **employee self-service module** allows employees to query HR related data and perform some HR transactions over the system. Employees may query their attendance record from the system without asking the information from HR personnel. The module also lets supervisors approve O.T. requests from their subordinates through the system without overloading the task on HR department.

Many organizations have gone beyond the traditional functions and developed human resource management information systems, which support recruitment, selection, hiring, job placement, performance appraisals, employee benefit analysis, health, safety, and security, while others integrate an outsourced applicant tracking system that encompasses a subset of the above.

The **analytics** module enables organizations to extend the value of an HRMS implementation by extracting HR related data for use with other business intelligence platforms. For example, organizations combine HR metrics with other business data to identify trends and anomalies in headcount in order to better predict the impact of employee turnover on future output.

There are now many types of HRMS or HRIS, some of which are typically local-machine-based software packages; the other main type is an online cloud-based system that can be accessed via a web browser.

The **staff training module** enables organizations the ability to enter, track and manage employee and staff training. Each type of activity can be recorded together with the additional data. The performance of each employee or staff member is then stored and can be accessed via the **Analytics** module.

Employee **re-assign** module is a recent additional functionality of HRMS. This module has the functions of transfer, promotion, pay revision, re-designation, deputation, confirmation, pay mode change and letter form.

Popular System Overviews

SAP SuccessFactors is the leading cloud-based HR and talent management software, which helps more than 6,400 customers and 100+ million cloud application subscribers across more than 60 industries in over 200 countries.^[5] It has been known to be more popular to larger companies with larger amounts of employees, but is still compatible with smaller companies. The solution is made up using multiple acquired, fully-integrated platforms.^[6] SuccessFactors utilizes a licensing system, where companies pick and choose which licenses to use for their platform. These licenses include:^[7]

1. Learning
2. Employee Central
3. Compensation
4. Onboarding
5. Performance and Goals
6. Recruiting
7. Succession and Development
8. Workforce Analytics and Planning

The **learning** license utilizes a learning management systems (LMS) that is set up like a virtual classroom. The purpose of this tool is to improve employee skills, which help drive the business.^[6]

The **employee central** license is the part of the system that includes all employee data. It acts as the administrative platform where items such as time and attendance can be viewed and reviewed. Managers and employees can edit their personal data and perform tasks such as manage paid-time off (PTO).

The **compensation** license allows for payment and bonuses to be reviewed and stored.

The **onboarding** license guides stakeholders through the onboarding process to allow employees to have smooth starts to their employment. Capabilities range from new hires to productive employees.^[6]

The **performance and goals** license allows employees and managers to create, track and review goals. This creates a form of feedback to employees and allows managers to monitor their performance on achieving their goals.^[6]

The **recruitment** license acts as both a talent acquisition and talent management system. It includes basic processes such as time-to-hire, but also adds aspects like employee engagement.^[6]

The **workforce analytics and planning** license combines benchmarking, predictive modeling, and data to create standardized reports. These reports include supply and demand forecasting, risk analysis and strategy guidance, impact and cost modeling, and tactical and strategic forecasting. Workforce planning is a new aspect of HR that involves analyzing the talent pool in order understand the employment landscape.^[6]

BambooHR is an integrated, cloud-hosted, SaaS solution targeted towards small and medium-sized businesses that have outgrown spreadsheets.^[8] Employee information is centralized in one location that makes it easier for HR to find pertinent employee information.^[8] With over 13,000 client organizations in operation today and more than 1.11 million employees using it, BambooHR's software has a pretty big footprint in the HR and performance management industries.^[9] While BambooHR's main focus is HR management software, it includes performance management software as an add-on within its suite of services.^[9]

BambooHR has two primary packages that it offers to businesses: **Essential** and **Advantage**.

The **Essential** Package includes these capabilities:^[8]

- HR management, such as employee records, benefits administration, reporting, document storage, standard access levels, standard workflows and approvals, and email alerts.^[8]
- Employee self-service, such as time-off management, company calendar, employee directory, mobile app and single sign-on.^[8]
- Email support and customer success webinar library.^[8]

The **Advantage** Package includes these capabilities:^[8]

- Applicant tracking system
- Onboarding and off-boarding
- Training tracking
- Advanced reporting
- Tailored workflows and approvals

- Custom access levels and email alerts
- Company branding
- Custom tabs
- Audit trail
- Integrations via BambooHR Open API and BambooHR Marketplace
- Phone support

See also

- Bradford Factor
- Competency-based management – Link between human resources management and the overall strategic plan of an organization
- E-HRM
- Human resources for health (HRH) information system
- International Association for Human Resource Information Management
- Job analysis
- Learning management system – Software system that serves the delivery of learning content and the organization of learning processes
- Organizational chart
- Strategic human resource planning – Process that identifies current and future human resources needs
- Applicant Tracking System.
- List of human resource management software

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Further reading

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