

The Use of Technology in HR and Payroll

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Abstract: Nowadays, the technology plays an important role in many business areas, the HR and payroll not excluded. Even though these two fields are highly dependent on the country specifics and local legislation, there are many aspects in which this People department can speed up the processes, lower the chance of mistakes and save costs using the technology.

This article describes the possibilities of innovations that the businesses can implement in their People department. In the first stage, the general possibilities are described, in the second stage, their advantages are presented. As a conclusion, three ways of how to implement the IT solutions are offered.

Keywords: technology, HR, payroll, knowledge management.

1 Introduction

In general, technology can simplify the recruitment and selection process, streamline HR workflow, provide employees greater flexibility and accessibility and improve the communication in the business place. The technology is also used in self-educating of the employees so it is important for human resource development [1]. Many companies find a great use of the HR Management System (HRMS) applications that help the users to manage their explicit knowledge and free their time for the implicit knowledge. However, as indicated by Schalk, 2013 [2], these tools need to be in the full accordance with the business strategy.

2 HRMS

There are many types of HRMS systems that can be purchased and implemented, and each may offer different features and functions. In general, HR Management System (HRMS) applications normally include the following [3]:

- automated payroll module which automates the pay process by gathering the inputs, calculating the pay and various deductions, preparing reports, generating payslips, etc.
- time and attendance module which gathers the time records and feeds them into the system,
- HR management module which monitors many HR aspects in the area of recruitment, placement, trainings, evaluation and development,
- benefits administration module which keeps track of the employees benefits such as insurance, vacations, passes, and retirement,
- online recruiting which eases the recruitment and selection of the employees,
- training module employee which helps to track the employee training and development,
- analytics module which enables to perform various calculations, comparisons and trend analyses,

- self-service module which allows employees to view their records (e.g. electronic payslips) and perform some of the HR transactions over the system (e.g. update of the address).

Thanks to these modules, the employer can speed up the recruitment process, monitor the training of the employees, track the working hours, calculate the salaries and wages, and analyze the statistical data. On the other hand, the employees have a direct online access to their data, and can either query their working hours or make minor updates to the system.

3 Advantages of the HRMS

It is obvious that a well-developed HR management system has numerous advantages. One of the most important benefits relates to the ability of the software to improve productivity of the HR employees. For example, numerous hours could be saved in the recruitment process by simplifying the efforts associated with collecting resumes and reviewing candidate information, or through payroll processing tasks. These tasks may require a lot of hours of manpower each week, but the time and effort required to complete them can be drastically reduced when some of the tasks are automated through an HRMS system.

Besides increasing the productivity of the employees, HR can greatly reduce its paper consumption as HR produces dozens of papers for every employee such as applications, resumes, insurance, employment and benefits forms, evaluation forms, etc. Decreasing the number of papers also means reducing the time the HR administrators spend filing and eliminating the storage costs. It is much easier to manage the information electronically and to create automated workflow processes to automatically route, track and manage employee information. However, in certain cases, it is required to store the signed forms in order to stay in compliance with governance (e.g. a Tax statement, a form that is used for using the child bonus and non-deductible amount) and therefore the HRMS cannot completely get rid of the paper.

In addition to the increased productivity and the reduction of a paper, the HRMS systems help to decrease the errors. Many HR tasks are highly regulated. Because of this, even a slight error on the part of a human resources employee may result in considerable legal issues and financial loss for the company. For example, when an employer does not count the total number of hours an employee works on the agreement per year (so called “Dohoda o vykonaní práce”), the total can easily exceed the 350 hours which is in contradiction with the Slovak legislation.

Kelly Jackson, the HR director confirms a substantial time saving and the reduction of error just by using a simple intranet-based tool for employees to make the annual benefit selections. “Going electronic with this process saved us more than 50 hours annually by eliminating the production, collection and tabulation of paper benefit enrollment forms from multiple offices. The electronic entry system also reduced errors by 92 percent, resulting in additional time saved.” [4]

4 Conclusions

There are many types of HRMS systems that can be purchased and implemented, and each may offer different features and functions. The alternative to this is to build the HR management system in-house but this is often too costly especially for the small or mid-sized companies.

Companies should carefully review various options in order to find the right system for their needs. Yet another option is to outsource their HR and payroll to the hands of business process outsourcing (BPO) companies. Working with the outsourcer can give the companies access to the new technology in the SaaS – software as a service – model. SaaS providers generally price applications using a subscription fee, most commonly a monthly fee or an annual fee so the initial setup cost for SaaS is lower than the equivalent enterprise software. Instead of dealing with these cumbersome issues on their own, the companies use the know-how and infrastructure that the provider has and can therefore concentrate on their core activity.

Nevertheless, despite of thousands of SaaS HR software solutions – whether built in-house or acquired externally – simply implementing a new piece of software will not magically engage the employees who are the key performers but often with new and evolving technology, they often do only the bare minimum to accomplish what they need to get done and do not leverage new functionality [5]. For this reason, in the phase of the implementation, each individual solution and applications has to be within an employee experience ecosystem – the right combination of HR technology solutions, programs and services, woven together in a meaningful way.

Literature

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