Sage HRMS

Doing more for less with HR technology tools

Improving results and lowering costs with a Human Resource Management System

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Introduction

In many organizations, the HR manager faces a dilemma. You'd like to spend more time truly improving the overall work environment for your employees. You want to help company management find ways to save on workforce-related costs, find and hire better talent, and improve existing talent through training and development. But most days, you are stuck doing paperwork. The routine administration involved in day-to-day HR operations drains away the majority of your available time and energy. Research by Ed Lawler and John Boudreau from the Center of Effective Organizations found that, on average, over 50% of a human resources department's time is spent processing employee information and answering questions.[1]

If you're like most HR managers, you also face several business challenges that compound the time and energy crunch you're facing:

- **Succeeding with limited HR resources**. Many small and midsized businesses have limited staff and resources. You alone, or a small team of colleagues, may be solely responsible for benefits administration, payroll, routine HR administration, and more. You need better tools to track important employee information and to automate HR and benefits transactions so that you can devote more time to your most important duties—employee relations, fostering a good work environment, and providing employees with training and career opportunities.
- **Managing compliance and the risk of litigation**. It's difficult to stay on top of the myriad of state and federal workforce laws, regulations, and reporting requirements to protect your company from fines and penalties. You also need to communicate with and train both managers and employees so that the company is not at risk for expensive employee lawsuits.
- **Ensuring accurate and timely payroll**. Paychecks that are late or have errors cost your company money, hurt employee morale, and undermine your credibility with them. Federal, state, and local payroll taxes are complex, and missing the filing and payment deadlines can incur fines, late fees, and an increased chance of audits for your company.

Recent statistics released by the U.S. Department of Labor indicate private industry employers spent an average of $30.11 per hour worked for employee compensation ($21.02 for salary/$9.09 for benefits), accounting for over 30% of operating expenses in a typical organization.[2] With so many company resources dedicated to maintaining the workforce, it is necessary to identify ways to improve results, increase efficiency, and lower costs. Human Resource Management Systems (HRMS) help you find such opportunities and capitalize on them.

1 Lawler, E. & Boudreau, J. (2010) Center for Effective Organizations at the University of Southern California. Retrieved from: http://ceo.usc.edu/news/ how_does_hr_spend_its_time_it.html
2 Employer Costs for Employer Compensation (2014, September 10). Bureau of Labor Statistics. Retrieved from: http://www.bls.gov/news.release/ ecec.nr0.htm

The role of HRMS technology

An HRMS provides an integrated software solution for managing your organization's workforce, including:

- Key employee information.
- Payroll.
- Government compliance.
- Recruiting and onboarding.
- Employee benefits.
- Planning, analysis, and reporting.
- Time off.
- Employee development, compensation, and retention.

A well-planned HRMS can help you:

- Reduce routine administration and paperwork.
- Automate core HR, benefits, and payroll processes for increased efficiency and productivity.
- Increase retention by providing a high level of service to employees.
- Easily create accurate, timely reporting and analysis.
- Reduce the cost of compliance and risks associated with increasingly complex and burdensome regulations, including the avoidance of fines, penalties, and costly litigation.

Core HR administration

Implementing an HRMS eliminates much of the routine paperwork associated with HR. An HRMS automates the most manual and time-consuming human resources functions. This automation frees up valuable time that you can spend on more strategic initiatives.

Without an HRMS, most HR managers rely on paper to manage employee processes. It's a struggle to track employee information using a combination of homegrown spreadsheets and office file cabinets. Hiring information, payroll records, benefit plan elections, and training certifications for a single employee might be stored in four or more different locations. This invites errors, as information becomes lost and outdated. You must replicate each change to an employee's data across several files. It becomes tedious, if not impossible, to create timely reports and analysis.

An HRMS improves accuracy and saves time by helping you keep all employee data in one place. It also provides standardized processes that you can adopt, giving your organization more structure than you may have previously enjoyed. Because the data in an HRMS is centralized, there is no need to duplicate the data in order to use it for multiple tasks.

HRMS automation frees up valuable time that you can spend on more strategic initiatives.

An HRMS standardizes many HR administrative processes, including: adding a new hire; promoting, disciplining, transferring, or terminating an employee; tracking family and medical leave and leave of absence; assigning or changing benefits; changing the salary or grade of an employee; safety reporting; and more.

An HRMS enables you to:

- Track important employee information including employment history, skills, licenses, certifications, and continuing education or training data so that you can help employees with career development.

- Record employment status, EEO, FLSA, and I-9 data, as well as other information you will need to demonstrate compliance with various hiring and discrimination laws.

- Manage performance and compensation information such as job definitions, reviews with documentation, employee ratings, salary ranges, pay grades, compa-ratios, and incentives such as bonuses or stock plans.

Creating timely, comprehensive reports for management becomes easy with an HRMS. Most contain a number of predefined standard reports, as well as a custom report writer. Security features, such as audit trails, allow you to control and monitor who has access to sensitive employee data or who has changed data in the system.

Benefits management

HR professionals spend a considerable amount of their time on routine benefits administration. If your company offers multiple benefits such as health, life, and disability insurance, you have to set up and administer plans with multiple insurance carriers. When you expand your HRMS to include benefits management functionality, it simplifies benefits setup, administration, and enrollment for improved efficiency and accuracy.

Inside your HRMS, you'll be able to define benefit plans and enter employee dependents and beneficiaries. You can track and monitor employee elections and calculate employer and employee contributions for benefits. When employees leave your company, you can track COBRA enrollments, coverage details, and payment history, as well as issue HIPAA certificates of coverage.

Time-off management

Accurate attendance information is essential to managing workforce costs and processing accurate payroll. With time-off tracking and analysis capabilities of an HRMS, you can pinpoint trends in absences and identify areas for improvements. Reports from your HRMS will demonstrate attendance histories and allow you to analyze reasons for absence and opportunities to improve attendance levels.

An HRMS allows you to easily set up any number of employee attendance and time-off plans. It will track and report on vacation, personal, illness, jury duty, bereavement, and FMLA time off. You will be able to incorporate a range of accrual methods and frequencies, as well as accrual levels. You can monitor carry-overs as well as calculate and report attendance balances.

Payroll processing

Accurate paychecks play an important role in employee satisfaction. Although you may not personally be responsible for payroll processing, there's no doubt that payroll and HR functions are highly interrelated. That's why an HRMS with integrated payroll functionality can offer your organization many advantages.

An HRMS automates payroll processing and helps keeps your company in compliance with the latest government regulations for withholding, filing, and depositing taxes. That's important because filing an inaccurate tax form or missing a deadline for federal, state, or local payroll tax deposits can result in steep penalties. With payroll and HR data stored in the same database, you reduce unnecessary paperwork. Changes made to the HRMS database reflect in both payroll and HR systems. This eliminates errors and the need for duplicate entry of employee, pay rate, benefits, and deduction information.

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Compliance reporting

Whether in the U.S. or Canada, government laws and regulations form an increasingly burdensome and complex compliance environment for most employers. While the following is not a comprehensive list, important legislation that may pertain to your workforce includes the following:

Equal Employee Opportunity Act (EEO)	Sets reporting and record-keeping requirements for employers to demonstrate compliance with EEO rules (U.S.)
Fair Labor Standards Act of 1938	Requires employers to maintain records of employment and earnings (U.S.)
Family and Medical Leave Act (FMLA)	Requires documentation to track employee FMLA requests (U.S.)
Occupational Safety and Health Act (OSHA)	Requires employers to maintain records for all workplace accidents, injuries, and illnesses (U.S.)
Health Insurance Portability and Accountability Act of 1996 (HIPAA)	Requires group health plans and insurers to furnish a "certificate of coverage" to provide documentation of the individual's prior creditable coverage (U.S.)
Employment Equity Act (EEA)	Requires employers to generate workforce analyses to ensure employment equity (Canada)
Workplace Safety and Insurance Board (WSIB)	Requires employers to report work-related accidents or illnesses to the WSIB (Canada)

Most of the regulations above involve significant information tracking and reporting requirements. Mistakes can lead to penalties and fines from the government, as well as expose your company to the risk of costly employee lawsuits. An HRMS will track the necessary information to comply with record-keeping requirements and can generate required reports in the specified formats. Regular legislative and compliance updates from your HRMS vendor help keep your organization in compliance with changing tax and employment laws.

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Impact of an HRMS to the bottom line

The cost savings associated with an HRMS reach into many areas of the business. Savings can be defined and measured. It is possible to realize a quick return on your HRMS investment, often in less than 15 months. An HRMS positively impacts the bottom line through:

- Standardized processes.
- Increased productivity.
- Direct cost savings.
- Improved compliance.

An HRMS provides everything you need to be an effective HR manager.
An HRMS provides standard processes that you can use for all your key HR activities. It also organizes all important employee, benefits, payroll, attendance, training, and recruiting information in a single integrated software system, so you never have to spend time hunting for key data.

With an HRMS, you can achieve more in less time.
With an HRMS, you will spend much less time on data entry, routine administration, and reporting. You will eliminate duplicate data entry, as information flows across the system. These efficiency gains help you deliver a higher level of service to employees.

Reducing routine HR administration achieves direct cost savings.
With an HRMS, you will spend much less time on data entry, routine administration, and reporting. You will eliminate duplicate data entry as information flows across the system. These efficiency gains help you deliver a higher level of service to employees.

HRMS helps your company achieve compliance and avoid lawsuits.
Regular legislative updates, automated record keeping, and specialized reporting help your company stay compliant with government regulations. By ensuring organized, centralized data and thorough record keeping, an HRMS helps avoid fines, penalties, and threats of lawsuits.

An HRMS provides standard processes that you can use for all your key HR activities.

The adaptability of HRMS to meet your needs

As your company grows, you may find that your human resources automation needs change. That's the great thing about an HRMS—it's easy to expand the system and add capabilities. You can start with the functionality your company needs today and then add additional functionality later. For example, if you want to enable your employees to have more control over their own personnel and benefits information, you might also be interested in the following:

Employee self-service
Providing your employees with access to their HR and payroll information is a great way to reduce routine administration. Employee Self-Service (ESS) solutions allow employees and their managers to view, create, and maintain their information using a web browser. Self-service is a good way to let employees find answers to questions about time off and personal HR information, as well as pay history and paystub details. ESS reduces your paperwork burden while retaining your ability to control and approve processes. You can use ESS technology to create a communications portal that distributes key information about company policies and benefits to your entire workforce.

Benefits enrollment automation
An HRMS with online benefits enrollment enables employees to self-enroll in benefit programs, review their benefits data, and report life event changes over the Internet or a company network. The system prompts employees to choose plans based on eligibility criteria and helps them compare costs and coverage. You can monitor the status of the enrollment in real time. When open enrollment is over, your HRMS produces detailed cost projections and other reports. Taking benefits enrollment online reduces the paper and manual data entry, can shorten the open enrollment period, and reduces the cost of open enrollment.

> Employee Self–Service (ESS) solutions allow employees and their managers to view, create, and maintain their information using a web browser.

The bottom line

Companies that implement an HRMS are positioned to maximize efficiency and cost savings. An HRMS solution can have a huge impact on individual and organizational effectiveness by streamlining your processes and freeing up your HR personnel from routine employee requests and paperwork, allowing them to focus on more critical core issues. The self-service features of an HRMS can positively impact employee engagement by actively involving them in their own payroll and benefits decisions. HR technology can also help bring consistency to your operation through automation and increase accuracy by reducing the need for repeated manual entry of data so that functions like payroll progress smoothly, which has a positive effect on employee morale. Finally, HR technology can help reduce costs by ensuring compliance with government rules and regulations that will help your organization to avoid expensive fines, penalties, and employee lawsuits.

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