

MANAGEMENT ACCOUNTANTS' STRATEGIC ASSET:

The Human Resource Information System

It can reengineer work processes and empower employees.

BY WILLIAM E. BERRY

Can management accountants responsible for the cost-effective use of people as "human assets" get the human resource information system they need? Are there systems that go beyond improving administrative efficiency and record keeping to reengineering work processes and empowering employees?

Today's human resource systems are viewed as enterprise-wide decision-support systems that can help management accountants achieve their financial, operational, and strategic business objectives—in addition to meeting traditional human resource objectives. While the data collected and made available vary by industry and an organization's success factors, the following examples illustrate how companies are using HRIS as a strategic asset.

- Systems now link operational data on productivity and performance to individual and aggregated HR data. These data include past training, demographic information, work history, or other characteristics of human assets.
- Systems help management accountants not only to identify and analyze employment cost factors, but to understand how performance and productivity differ among regular, temporary, part-time, and other contingent workers.
- Systems relate relevant human characteristics to the work of the organization. Managers can analyze how to match people to jobs and achieve business goals. For example, a major insurance company

hired retired workers on a part-time basis. Training costs were minimized, incidents of lateness and absenteeism declined, benefits costs plummeted in affected functions, and performance improved. All of this could be documented with HRIS data linking operational and human resource information.

DO MORE WITH LESS

Today's managers and developers of human resource systems are participating in reengineering projects within the human resource department to save time and money. As most management accountants are well aware, costs in burgeoning human resource departments have

escalated. Pressures to do more with less have made human resources a prime target of work process improvement.

Human resource systems are being designed or modified to use available technology to consolidate work and eliminate steps without a decline in the services provided to employees. For example:

- A financial services company uses touchtone telephones to answer employees' questions about their pension plans. The cost of each inquiry is reduced from approximately \$16 to \$4.
- At a large manufacturing firm, the activities required in human resources when an employee left the company previously required the services of many specialists (equal employment opportunity, COBRA, payroll, pension, outplacement, and so on). Using graphical user interface (GUI) screens developed to access all relevant systems and performance support tools, a single user now completes all of these activities in one work session. All files are updated automatically.
- At one major pharmaceutical firm, self-service employee benefits kiosks use interactive multimedia technology to provide individualized information about employees' benefits. Employees complete annual enrollment procedures without help from a benefits administrator. Using ATM-like screens, employees can do "what-if" modeling to see the results of a change in their benefits selections—such as the result of switching to HMO health coverage and putting more into their 401(k) accounts.

Jose L. Pelaez/The Stock Market



Using a touchtone phone system to answer employees' benefit questions can save a company money while serving its human assets.

LOYAL EMPLOYEES

How can human resource information systems motivate, empower, and retain key managers and professionals? Customized systems such as those discussed below are helping companies achieve this goal.

- Staffing systems publicize job openings online and permit managers to submit their computerized resumes—perhaps after an online approval by a supervisor.
- Succession planning systems allow managers to review instantly any changes in the succession plan, job requirements for specific positions, and their personal developmental needs for future promotions.
- Online skill inventories or “competency libraries” identify relevant skills, work experience, qualifications, knowledge, and other requirements. Managers can learn electronically what they have to do to supercharge their careers.
- Performance appraisal systems provide employees with real-time information on corporate performance measurements. Continuous performance improvement becomes a “way of life” rather than an annual chore.

BACK TO THE FUTURE

Payroll systems are basically “production” systems designed to turn out paychecks and regular financial reports. In contrast, human resource systems always have been designed around corporate needs that are seldom duplicated in other organizations.

Packaged HR systems—from the mainframe-based behemoths introduced by InSci in the 1960s to today’s client/server systems that use PCs or a combination of PCs and other platforms—have always required customization. Typically, they are installed incrementally, addressing the most critical business requirements first. Implementation never ends in HRIS because new regulatory requirements, business changes, and new HR programs (such as the introduction of flexible benefits or a new TQM program) require automated data and processes.

Today’s technology links the data collected about people and jobs throughout the organization—wherever the data reside. It permits the system to return to its original purpose as

an “access” system, that is, providing decision-support information needed by management to achieve people-related business goals.

GUI software that interprets data from many systems, the relational database, structured query language (SQL) and advanced retrieval tools that simplify access, and the emergence of client server architecture that links platforms cost effectively permit the use of an HRIS as a comprehensive executive information system about human assets.

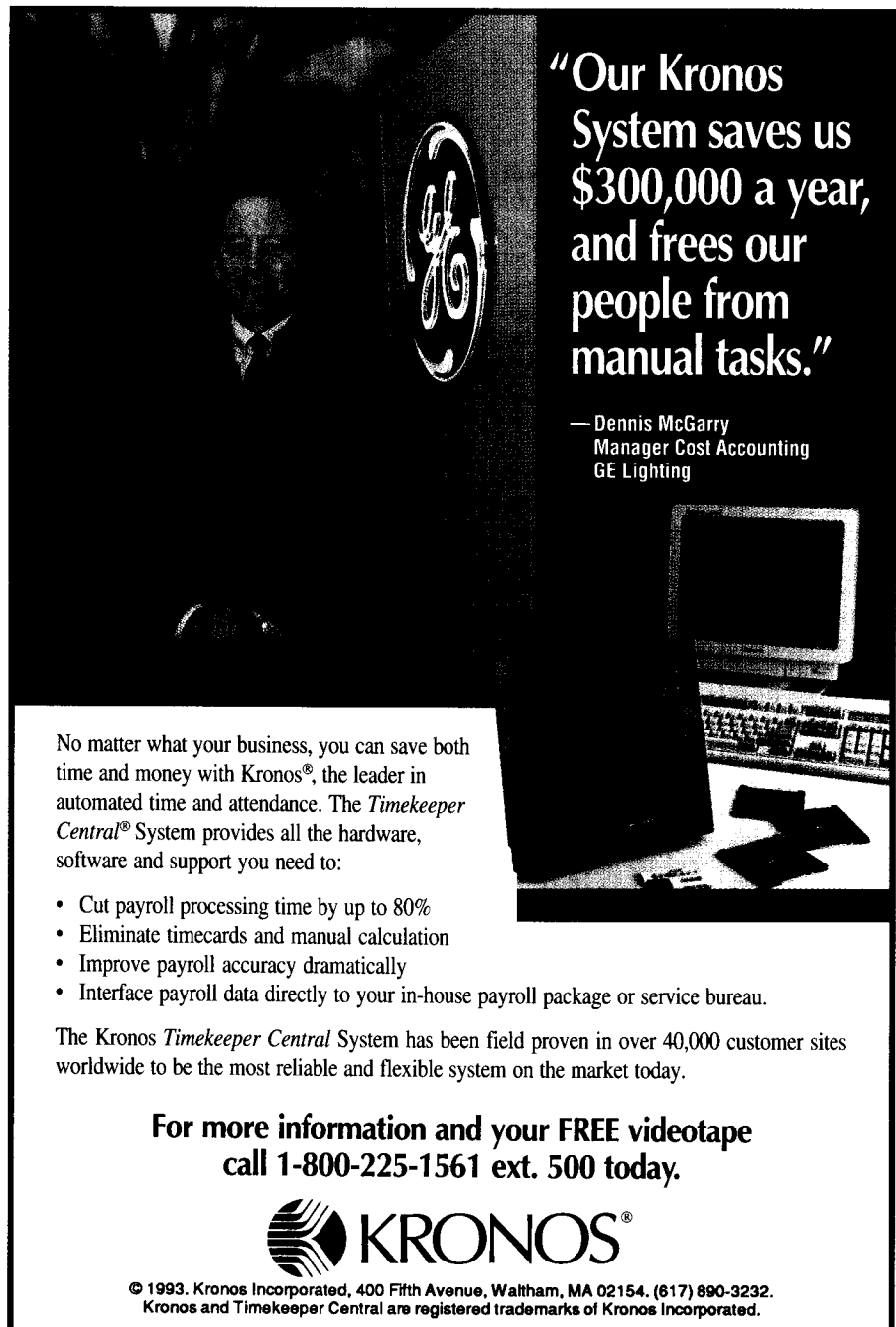
Packaged systems still may require

customization to meet company-specific requirements. But what you get after implementation is much more than record keeping and reporting. ■

William E. Berry is a cofounder of The Consulting Team, Inc., West Palm Beach, Fla. He is the founder of InSci (Information Science, Inc.), the first company to develop and provide human resource systems software.

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