



Executive Summary

People are the most important asset of any organization and effective people management is the keystone to organizational success. The only competitive advantage many organizations have is the ability to improve the performance of their people at all levels.

Therefore HR management has to take on a whole new meaning through enlightened and effective people management. People will be allowed to work more effectively and the HR management will be able to achieve routine tasks with less work, and, more importantly, gives organizations a focus on its people rather than its paperwork.

This White Paper will discuss the benefits in using Human Resources Management system, or HRM and how the use of a HRM will reduce the costs of web communication and how real return on investment could be realized.

Introduction

The workforce has changed with the dawn of the Industrial Revolution. As painted vividly by Adam Smith, guilds and crafts have transformed to mass manufacturing.

The Internet has dissolved the obstacles held back by the Industrial Revolution. Capital flows freely, communication is instantaneous, and systems speak a universal language.

Distance is dead, while a progressive mindset predominates. Organizations are entering a period when 5,000-fold gains in performance are measured in minutes rather than years.

A HR department is not what it used to be.

Many organizations are also embracing the concept of a paperless environment, challenging the traditional notion that record retention requires the physical hard copy of original documents to be retained.

Concurrently, HR practices have also changed. HR people are now more involved in more corporate decision-making, and the key is to be able to provide accurate information quickly.

While traditionally, a large part of the HR role has been transaction processing, or record keeping, and spending most of their time on administrative or transaction processing, now many are performing more value-added tasks, and have an active role in strategic business planning. HR's role now revolves around a wide-ranging ambit of discrete functions.

Technology makes that possible as competency-based applications gained a foothold in HR practice worldwide; while changes in the business environment and the structure of work are challenging the value of traditional competency methods in achieving strategic organizational benefits.

The key question facing HR executives and practitioners today is how to leverage existing competency practices to greatly increase the impact of competency development on business results.

Technology first invaded HR departments in the late 1950s and early 1960s with the payroll system, which was supplemented with a Personnel System that allowed a greater range of HR functionality.

A decade later, a Human Resource Information System was introduced, followed 10 years later by the first generation HRM. Both allowed HR departments to use the information available to better manage employees.

The present generation HRM system, however, goes beyond obtaining the information for managing employees, rather managing them as part of an organization's asset and capital.

HRM Benefits

A HRM system provides the advantage and has proven to be the key component of any organization's activities and in the development of its long-term strategies. It integrates human resources planning with other aspects of the planning cycle and develops a coordinated process that resulted in increased productivity.

Designed to help organizations bring the difficult and often cumbersome task of HR record keeping and reporting under complete control, HRM provides easy access of extensive employee information and helps protect an organization's most valuable asset -- its people.

HRM allows immediate access to key employee information such as salary history, performance appraisals, attendance history, training skills, job history, insurance/benefits, wellness and much more.

Employees, on the part, can also access such as their own contact and address details, applications for leave, overtime, higher duties allowances, and even receipt of their salary.

With easy implementation of extensive security levels at the menu, program, company and/or division/department levels, employee pay fields can be secured to not appear for certain users.

More importantly, however, HRM allows:

- **Career And Succession Planning**

A HRM system creates career plans and career goals for employees and builds graphical succession hierarchy for key positions. It also manages appraisals for each employee and allows the creation of an evaluation template with a standard set of questions that can be used for all employee reviews. Results can also be stored, making it is easily accessible.

- **Implementation of A Variable Compensation Strategy.**

A HRM system can implement various types of incentive such as compensation, bonus, stock and sales commissions for individuals and groups.

- **Training Administration**

A HRM system associates training programs with job codes, monitors courses, tracks session availability, budgets expenses and compares actual with estimated costs. It also manages training sessions and events and keeps track of employees attending sessions. Employees can apply for training sessions and their managers can approve the request online, making it easy to organize training sessions and events.

- **Intelligence and Integration**

A HRM system finds the HR information quickly, and integrates it with data from other key systems to get an overall picture of how a staff is performing. It also keeps track of employee information such as personal particulars, start date and work division in one area, and the number of hours and days worked, making it easy to review or add to the file, and putting an end to the tedious task of working through files to find information.

- **Payroll Management**

A HRM system can ensure prompt and accurate pay delivery, track tax changes, pay slip history, over-time hours, allowances and deductions, leave history, labor and job costing by automating the payroll.

This not only saves time, but also, simultaneously, reduced human errors significantly, and simplifies the process by automatically bringing hours worked over from the time and attendance sector to calculate the benefits and taxes.

- **Recruitment Strategies**

A HRM system coordinates applications, schedule interviews, produces applicant flow statistics, routes systems, customizes recruitment letters, processes offers and tracks the entire hiring process.

It places the posting of an opening on the website and use an automated system to make the interview process easy and by employing a unique rating system that assigns points to applicants in areas such as education and work experience, it is able to define the criteria and weights for each category. The points system also simplifies the sorting and rating of applicants, thus allowing a more objective comparison of applicants in different categories.



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SunFish HR Overview

SunFish HR functions include time and attendance; payroll and tax administration; training management; inventory and loan management; entitlement and reimbursement administration.

SunFish HR is fully compliant with Indonesian tax rules and regulations, such as Jamsostek and SPT.

SunFish HR is highly flexible and customizable. Flexible features such as multi-language (English, Chinese, German and Indonesian), multi-currency (USD, SD, IDR, etc) and multi-legislation allow SunFish HR to be implemented across all borders.

SunFish HR is entirely web-based, so it can be accessed from anywhere and at anytime, with just an Internet connection.

SunFish HR utilizes role-based advanced security system. Users will have different level of access, based on their position in the company. For example, the HRD Manager will have access to virtually all features and information in SunFish HR, whereas an entry-level staff will have far more restricted access. This feature protects vital information from unauthorized users

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The Economic Benefits Of A HRM

More organizations have since recognized that their people are a real and tangible asset, and as such require an ongoing investment in order to ensure not only their development, but also that of the organization.

The workforce has also changed. There is now mobility, changed ideas of loyalty to the corporation, the ability to apply for a job anywhere in the world and to move from full-time to contingent labor and back again. Remuneration alone will not retain these people, highly prized, less narrowly skilled, brighter and outgoing in their thinking.

To meet the challenge, the HR department needs to work closely with the organization to envisage the reshaped businesses of the future and put in place the right people to enable it to happen. Speed will be critical, and the challenge will be not to rush to new things, as may have happened in the past, but to get the thinking right and then move quickly. Survival will hinge on the ability to accurately predict the size and shape of the workforce.

A HRM system is a crucial part tool for the challenge and helps organizations by:

- Improving productivity via human resources planning with other aspects of the planning cycle and develop a coordinated process, and by better understanding issues such as unbudgeted overtime and absenteeism.
- Increasing employees' satisfaction by giving them an enhanced sense of involvement in their own career path and role within the company.
- Providing a greater understanding of database from their entries, leading to better information about the skill and needs of the workforce, locally or globally as required.
- Enhancing business-level analysis of the recruiting process by developing ratios of applicants to jobs filled and percentage of candidates with offers.
- Winning the war for talent with a more strategic recruitment policy.
- Maximizing the value of employee information while minimizing the amount of work needed to gather access or analyze.

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Business Benefits Of A HRM

The worldwide talent shortage has resulted in an increase in recruitment costs, which, according to US-based HRM Consulting, increased by 12.5 per cent last year to a median cost per recruit of US\$1,917. And the best companies are spending more to recruit the right employees and win the war for talent.

A HRM system can reduced that cost and improve efficiency. Arthur Anderson, in a survey reported that 55 per cent of respondents in a survey it conducted last year said once they implemented HRM system, the companies manage to improve efficiency, support self-service, and empower managers and employees.

With a HRM system, cost can reduced by:

- **Eliminating Errors**
A HRM system is a simple, efficient and accurate system that gathers payroll and data, requiring just a few steps and does not allow too many opportunities for errors. Its automated links between the HR department link and employees allows time efficient communication between the two.
- **Ending Paper File**
A HRM system solves paperwork problems and puts an end to the paper files.
- **Generating Financial Savings**
A HRM system can identify candidates who will best support corporate goals, and individuals whose qualifications and skills match the criteria for open positions.
- **Saving Administration Cost**
A HRM system, besides providing better service to employees, reduces spending on payroll and the old personnel-style function.
- **Increasing Speed**
A HRM system builds talent banks, create the next pool and look at ways to attract and retain those people, thus allowing organizations to move quickly in hiring and/or promotion.
- **Automating Information And Processes**
A HRM system enables recruiting personnel to fulfill their job responsibilities promotion, churn out a letter, and payroll to pay.
- **Optimizing Human Asset**
A HRM system makes the workforce of a company more visible' to the decision-makers within a company, and this leads to human asset optimization as managers scan and utilize the skills of their workforce.

Asuransi Raksa
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About DataOn

DataOn is a multinational company in the field of providing Information Technology (IT) solutions and consultations. Founded in 1999, DataOn has serviced the IT requirements of corporations around the world in order to gain an edge in the competitive business world.

DataOn's primary task is the development of customizable business systems based on an open Internet platform.

DataOn has spent the last few years developing complex Internet business applications.

The implementation of these systems to any new or existing Internet based system allows the system to create a strong growth platform, which will increase user satisfaction and company revenues.

All DataOn systems are built on a scalable modularized architecture. This design allows for rapid growth (increased traffic) and easy modification (new features) without affecting the core functionality of the system.



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Introducing SunFish HR

SunFish HR (Human Resource) is an advanced Human Resource Management (HRM) application that will assist your organization in gaining competitive advantage by improving the way it manages its employees.

SunFish HR lets you manage HR business processes, from recruitment to retirement, with pure Internet applications that are built on best practices and performances. SunFish HR offers all of the functionality you would expect from a HR system, plus a host of features to help you better recruit, develop and retain your organization's greatest asset: your employees.

SunFish HR provides instant, intelligent, global solutions to your organization, turning your people into your competitive advantage. With SunFish HR, you can align your workforce and strategic business goals with better and faster decision-making.

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Keys to Achieving ROI

The keys to achieving return on a HRM investment are: choosing the right tool for a business' requirements, and ensuring rapid implementation and development of the selected tool.

A HRM system helps organizations realize returns on their investment by:

- Providing familiar tools to make the HR department immediately effective and to leverage existing organizational skill sets.
- Integrating existing IT infrastructure.
- Offering organizations economies of scale.

With these, a HRM system empowers organizations to be quick to the market and quick to react to change, while ensuring a low cost of ownership and implementation.

• Provides Familiar Tools

Providing familiar tools for both business and technical users ensures the system is quickly adopted and training costs are reduced.

Use of familiar tools also leverages in-house team skill sets. Implementing a HRM system decreases development maintenance costs and outside consultant costs.

• Integrates Existing Infrastructure

By working with existing IT infrastructure, a HRM system provides return on investment in a number of ways — leverages existing investments in IT infrastructure and IT training, speed the time to markets by integrating quickly with IT environments, and

reduces maintenance costs by providing standard interfaces for user and server management.

Support for industry-standard technology also ensures ease of integration with other eBusiness applications, and by combining data sources—employee, financial, and customer information a HRM system enables organizations to be proactive in developing and running planning scenarios.

Organizations can uncover cause and effect, trends and interrelationships, and develop more effective strategies that will provide a positive return on investment.

• Offers Economies of Scale

A HRM system provides economies of scale by aligning an organization's workforce competencies with its strategic goals, and enable the organization to determine which competencies are needed now and in the future, inventory current workforce competencies, and identify gaps between current competencies and those required—both present and future.

Ultimately, it will allow for the preparation of multiple fulfillment scenarios to close the competency gap.

The previous three factors should improve positively the performance and productivity of an organization's HR department and help it realize quantifiable return-on-investment from its HRM system.

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To estimate the actual ROI of a HRM, organizations must first evaluate the level of improvement such a system provides by costing all factors. Then, to estimate the probable value of the investment, organizations must evaluate the probability that the system will be both adopted and used.

The following quantitative calculation determines the enterprise wide ROI of implementing a HRM:

$$\text{Return} = (\text{Cost Savings} + \text{Increased Productivity} + \text{Innovation}) * \text{Probability of Adoption, where}$$

- Cost Savings = standardization + resource utilization + cost of recruitment, retention, recycling + retrieval time
- Productivity = relevance * timeliness * accuracy * suitability + ease of use
- Innovation = developer tool suitability + integration compatibility * reduced time to deploy
- Probability of Adoption = IT compatibility * business user suitability * scalability

$$\text{Investment} = \text{number of users} * (\text{process change} + \text{training costs}) + \text{system cost} + \text{design cost}$$

Calculating the ROI

The ROI is calculated using the HRM system's benefits and costs: net benefits (monetary program benefits minus the costs) divided by the HRM system's costs. In formula form, the ROI becomes:

$$\text{ROI (\%)} = \text{Net HRM Benefits/HRM Costs} \times 100$$

This is the same basic formula used in evaluating other investments, where the ROI is traditionally reported as earnings divided by investment. The ROI from some programs may be high (frequently over 100%) for areas such as training, management development, productivity improvement, reward systems, and retention solutions.



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